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 10 Attorneys for Plaintiff
 LOOP AI LABS, INC.

11 UNITED STATES DISTRICT COURT
 12 NORTHERN DISTRICT OF CALIFORNIA

13 LOOP AI LABS INC., a Delaware
 14 corporation,
 15 Plaintiff,
 16 v.
 17 ANNA GATTI, an individual,
 ALMAVIVA S.p.A., an Italian
 18 corporation, ALMAWAVE S.r.l. an Italian
 corporation, ALMAWAVE USA, Inc., a
 19 California corporation, IQSYSTEM LLC, a
 California limited liability company,
 IQSYSTEM, Inc., a Delaware corporation,

20 Defendants.

21 Case No.

22 **COMPLAINT FOR:**

- 23 (1) **RACKETEER INFLUENCED AND
 CORRUPT ORGANIZATIONS ACT, 18
 U.S.C. §§ 1962 ET SEQ.;**
- (2) **COMPUTER FRAUD AND ABUSE ACT,
 18 U.S.C. §§ 1030 ET SEQ. AND
 UNAUTHORIZED ACCESS TO
 COMPUTERS, CAL. PENAL CODE §§ 502
 ET SEQ.;**
- (3) **FRAUD IN THE INDUCEMENT;**
- (4) **RESCISSION AND RESTITUTION;**
- (5) **FRAUD;**
- (6) **BREACH OF CONTRACT;**
- (7) **BREACH OF DUTY OF GOOD FAITH
 AND FAIR DEALING;**
- (8) **THEFT OF CORPORATE
 OPPORTUNITY;**

(9) INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE;

(10) TORTIOUS INTERFERENCE WITH CONTRACT;

**(11) MISAPPROPRIATION OF TRADE
SECRETS, CAL. CIVIL CODE
§§ 3426 ET SEQ.;**

(12) CONVERSION;

(13) UNFAIR COMPETITION, CAL. BUS. & PROF. CODE §§ 17200 ET SEQ.;

(14) UNJUST ENRICHMENT

DEMAND FOR JURY TRIAL

1 Plaintiff Loop AI Labs Inc., formerly known as Soshoma, (the “Company”), with
 2 knowledge as to its own conduct and upon information and belief as to all others, complains
 3 against Anna Gatti (“Gatti”), Almaviva S.p.A, Almawave S.r.l., Almawave USA Inc. (together,
 4 the “Almaviva Defendants”), IQSystem LLC and IQSystem, Inc. (together “IQS”), as well as
 5 against their as yet unnamed co-conspirators, as follows:

6 **SUMMARY AND NATURE OF THE ACTION**

7 1. This is a case involving multiple acts of fraud and willful misappropriation of
 8 proprietary information and trade secrets committed by Gatti, IQS and the Almaviva Defendants,
 9 in furtherance of a scheme of racketeering activities directed at the Company. The Defendants’
 10 unlawful activities also were committed in violation of various contractual and other obligations.

11 2. The Company, a startup founded in 2012, seeks to deploy its proprietary artificial
 12 intelligence (“AI”) technology, that automatically learns about people and things by
 13 understanding the internet-based data related to them, by automatically converting unstructured
 14 big data and social data to structured data, which can then be used by companies in a wide variety
 15 of industries to understand their customers, products, and more without the need to hire data
 16 scientists. The Company also has developed, among other things, a Digital Genome Platform that
 17 works automatically without human intervention to perform speech and text analytics, semantic
 18 understanding, data/text mining, information/feature discovery and sentiment analysis on any data
 19 set of big data or social data.

20 3. In this action, the Company seeks legal and equitable relief in respect of the
 21 injuries caused by the unlawful conduct of the Company’s recently terminated employee,
 22 Defendant Gatti, the other Defendants and their co-conspirators, including Gatti’s boyfriend Tony
 23 DiNapoli. The Company discovered this wrongdoing only recently, after terminating Gatti as an
 24 officer and employee of the Company on February 3, 2015.

25 4. Gatti was the Chief Executive Officer of the Company from mid-2012 until late
 26 2014, when Gatti’s position was changed to that of President. When Gatti first joined the
 27 Company in 2012, she entered into various written agreements defining the terms of her
 28 employment with the Company. Pursuant to her employment compensation package, Gatti

1 received a large restricted stock grant, covering shares that today represent approximately 30%
2 of the Company's outstanding shares. The employment agreements that Gatti entered into with
3 the Company provided, among other things, that she was required to devote her full-time
4 business efforts to the Company, that she could not engage in any other business activities
5 without the Company's prior written consent, and that she was required to protect the
6 confidentiality of the Company's proprietary information, technology and trade secrets.

7 5. Gatti's principle assigned role with the Company was to assist it in its venture
8 capital fund raising activities and closing business partnerships. Gatti's performance in this role
9 was a failure. As a result, the Company recently terminated her employment. Gatti was also
10 removed as a director of the Company shortly thereafter.

11 6. At the time of Gatti's termination, the Company believed that her failure to
12 perform her assigned duties was the result of her incompetence. Following Gatti's termination,
13 however, the Company discovered that while Gatti had indeed performed in an incompetent
14 manner, she and the other Defendants also had engaged in a pattern of intentional wrongdoing
15 designed to defraud the Company and enrich Gatti and the other Defendants at the expense of the
16 Company. That wrongdoing is more fully described below.

17 7. After Gatti was fired, the Company discovered that she had provided materially
18 false information in applying for employment with the Company in 2012, including, but not
19 limited to, submitting false information in her written application, which she certified to the
20 Company be true and correct.

21 8. Gatti **did not** engage in mere puffery while seeking employment with the
22 Company. The lies Gatti told when she applied for her job at the Company went far beyond
23 improper-but-frequently-expected fibbing. The Company has now learned that a substantial, if
24 not the entire, picture that Gatti painted of herself during the application process is false. Her true
25 credentials and capabilities were utterly different from those she presented. There can be no
26 doubt that, had Gatti told the truth, her request for employment with the Company would have
27 been summarily rejected.

28

1 9. For instance, the Company has learned that during her employment application
2 process, Gatti falsified her academic credentials, which she represented to have included both a
3 PhD and a Post-Doctorate degree from Stanford University, as well as other academic credentials.
4 In fact, Gatti never received these degrees from Stanford University. Gatti also represented to
5 have been a Visiting Professor at Stanford University, as well as at the University of California,
6 Berkeley. Gatti never has held such positions at either university.

7 10. Gatti misrepresented her employment history by substantially exaggerating her
8 prior compensation, by failing to disclose that she had been terminated by her previous employer
9 and by misrepresenting the periods of time for which she had been employed, among other
10 material falsehoods. And Gatti falsely claimed to have skills and relationships that would enable
11 the Company to raise the venture capital funding and develop the business partnerships that it
12 required (and continues to require) when in fact (as demonstrated by her abject failure to obtain
13 any such funding or business partnerships for the Company) she does not have those skills or
14 relationships. Gatti carefully manufactured this and other information to deceive the Company
15 and induce it to hire her and provide her a compensation package that includes stock representing
16 30% of the Company.

17 11. The Company was shocked to learn, in February 2015, of Gatti's false statements
18 and other dishonest conduct. Before Gatti was hired, the Company checked the references she
19 provided, which were uniformly positive. Gatti had carefully cultivated, through deceit and other
20 tactics, a network of supporters in the Northern California technology industry as well as in Italy.
21 Through her deceitful behavior, often deployed through the use of her social networks and
22 activities, Gatti has been able to insinuate herself at the highest level and obtain the support of
23 highly established and reputable professionals, presumably unaware of Gatti's true history.

24 12. Throughout the course of her employment with the Company, Gatti wholly failed
25 to perform her principal assigned task of obtaining venture capital funding for the Company and
26 closing business partnerships. Gatti **did not** simply do her very best for the Company only to fail
27 for reasons largely outside her control. Gatti instead proved to be an utterly disloyal employee,
28 who was spending her time defrauding the Company.

1 13. As the Company has now learned, almost immediately after being hired by the
 2 Company into a full-time senior executive position, Gatti began violating the express terms of her
 3 employment agreement by seeking and taking on additional positions with other businesses.

4 14. While still pretending to work in a full-time senior executive role for the
 5 Company, Gatti was providing “advisory” services for multiple competing startups, including The
 6 Needs Inc. (“The Needs”). As of January 2014, Gatti, incredibly, took ***a concurrent CEO***
 7 ***position with another company, defendant Almawave USA Inc.***, that she held at the same time
 8 that she continued ***to be employed as the full-time CEO, and later as the full-time President, of***
 9 ***the Company.***

10 15. While Gatti was unlawfully working for Almawave and The Needs, both of those
 11 companies were actually or potentially competing with the Company. The Needs is a startup,
 12 formed one year after the Company, that is seeking to develop commercial applications based on
 13 the same artificial intelligence, language understanding of big data and user profiling technologies
 14 as the Company. Indeed, the Chief Executive Officer of The Needs, before retaining Gatti as a
 15 consultant, questioned Gatti as to whether the consulting arrangement, into which she pushed The
 16 Needs to enter with her, would not be improper because The Needs was a competitor of the
 17 Company. Gatti responded with a lie – she assured The Needs’ Chief Executive Officer by email
 18 that there was no competitive problem.

19 16. Similarly, defendant Almawave sought to establish a business in San Francisco
 20 that focused on the use of artificial intelligence in a manner similar to the Company’s technology.
 21 Gatti’s improper relationship with Almawave began not later than January 2014, as a result of
 22 Gatti’s negotiations with a large European company, defendant Almaviva S.p.A (“Almaviva IT”).
 23 Gatti undertook to assist Almaviva IT to implement its strategy of building a U.S. business
 24 focused on artificial intelligence and related technologies. Pursuant to this arrangement, Gatti
 25 established Almawave USA in San Francisco on behalf of Almaviva IT, and domiciled the
 26 company at her home residence at 24 Clarendon Avenue in San Francisco.

27 17. The Almaviva Defendants knew that Gatti was the full-time CEO of the Company.
 28 In order to quickly establish a presence in the U.S. AI technology market, the Almaviva

1 Defendants intended, with Gatti's assistance from the inside, to purchase the Company for a
2 bargain price or to hire away the Company's key employees, and thereby obtain access to the
3 Company's proprietary technology. A principal objective of the Almaviva Defendants in hiring
4 Gatti was to exploit her knowledge of the Company and to gain access to the Company's
5 proprietary technology and trade secret information.

6 18. Despite the fact that Almawave and The Needs both were actual or potential
7 competitors of the Company, Gatti shared with both Almawave and The Needs (as well as with
8 the other Defendants), and used in the course of providing services to those companies,
9 proprietary information and other property belonging to the Company. In addition, Gatti
10 repeatedly used the Company's time, property, IT system, work-space and other resources to
11 conduct business on behalf of the Almaviva Defendants and TheNeeds. Gatti also diverted to the
12 Almaviva Defendants and The Needs information belonging to the Company regarding current
13 and prospective investors, business opportunities, software engineers, advisors and a variety of
14 other confidential and trade secret information. In doing so, Gatti and the other Defendants, in
15 addition to committing multiple violations under federal and state law, also violated the express
16 provisions of Gatti's employment agreement.

17 19. The Company has recently discovered that Gatti has held positions with other
18 companies while employed by the Company since the inception of her employment in 2012 and
19 has continued to hold other positions through her termination. As of January 2015, while still
20 employed by the Company, and notwithstanding the already numerous positions that Gatti
21 already held, Gatti actively was negotiating for yet more business relationships, including most
22 recently with a company called IControl Networks.

23 20. Gatti's employment agreement required her to devote her full-time and best
24 business efforts to the Company and expressly prohibited her from engaging in any other business
25 activities to the detriment of the Company and without the express prior written consent of the
26 Company. Aware that the Company would never consent to her working multiple jobs at the
27 same time, including jobs involving actual and potential competitors, Gatti did not seek consent
28 from the Company to her second and third jobs with Almaviva and The Needs, as she was

1 required to do. Nor did she ever seek consent for any of the other positions she held. Instead,
2 Gatti deliberately concealed from the Company her unlawful activities.

3 21. Gatti and the other Defendants profited handsomely from the unlawful scheme
4 perpetrated against the Company. Gatti received a substantial stock grant in The Needs. She
5 received various lucrative benefits from the Almaviva Defendants, including large cash payments
6 of no less than \$70,000 a month. Gatti also received substantial compensation from other third
7 parties for whom she performed various business services or provided stolen information and
8 trade secrets, in violation of her contractual and other obligations.

9 22. Gatti also concealed from the Company that she had established the two IQS
10 Defendants, as well as the Almawave USA Defendant. Gatti created the IQS Defendants, also
11 domiciled at her home residence, to funnel the money that she was receiving as compensation for
12 her illegal activities. That compensation amounted to hundreds of thousands of dollars, if not
13 millions. The Company is informed and believes that the Almaviva Defendants alone were
14 paying Gatti more than \$70,000 a month to participate in this unlawful scheme. Similarly, the
15 Company is informed and believes that Gatti, through the IQS Defendants, was receiving
16 hundreds of thousands of dollars in other compensation obtained in furtherance the scheme.

17 23. To conceal the large compensation that Gatti was receiving through the IQS
18 Defendants, and potentially other entities, Gatti, aided by her longtime boyfriend and participant
19 in this scheme, Tony DiNapoli, opened multiple bank accounts on both the East and West Coasts,
20 as well as in Italy, to make detection of the various unlawful payments as difficult as possible,
21 and, presumably, to conceal the funds if she was caught. Gatti's correspondence reflects that she
22 was even pondering the use of yet other entities to transfer money to her, through the IQS
23 Defendants, in a way that made it look as if the money came from and belonged to her
24 boyfriend's son, Gennaro DiNapoli. Gatti's and the other defendants' conduct uncovered to date
25 demonstrates the high level architecture and execution of this fraudulent, if not criminal, scheme
26 they perpetrated against the Company.

27 24. Presumably aware that her fraudulent and duplicitous behavior in working for
28 competitors, even as she was required to work full-time for the Company, could not long evade

1 detection, by February 2014, Gatti, with the assistance and participation of the Almaviva
2 Defendants and the other conspirators, was actively pursuing the take-the-money-and-run part of
3 her scheme, designed to force a premature sale of the Company by sabotaging the Company's
4 access to venture capital funding.

5 25. This scheme would allow Gatti to cash out and move on before being caught. If
6 the Company could be sold before the Defendants' wrongdoing was discovered, the vesting of
7 Gatti's restricted stock would accelerate and she would be able to walk away with a potentially
8 significant sum without compromising the massive cash flow she was receiving from the
9 Almaviva Defendants and other companies. If instead the Company discovered her duplicitous
10 conduct before it was sold (as has turned out to be the case), Gatti would face the prospect of
11 forfeiting everything and losing her carefully-cultivated reputation in the Northern California
12 technology industry and in the Italian business community. The Almaviva Defendants would
13 profit by being able to access the Company's assets and key employees for a substantially lesser
14 value than they would have otherwise have had to pay.

15 26. A principal component of Gatti's scheme to force a premature sale of the
16 Company involved sabotaging the Company's access to funding, including venture capital. Thus,
17 although Gatti had been singularly unsuccessful in obtaining venture capital funding for the
18 Company, other Company employees proved much more adept, leading to several occasions
19 where the Company was on the verge of securing funds. But in every one of those situations,
20 Gatti managed to insinuate herself into the potential funding transaction and then prevent it from
21 closing. Gatti then covered up her sabotage by claiming she had made a mistake, or that she had
22 miscommunicated with the investment funds, or that the prospective funding source had disliked
23 one of the other Company employees.

24 27. In one such instance, for example, after a venture capital fund agreed to provide
25 the Company a substantial amount of funding, including an immediate bridge amount to be paid
26 in October 2014. In connection with this investment, the venture capital fund commented that
27 "the Loop AI Labs team has built a new generation of AI that puts them a leap ahead." Indeed,
28 the Company had been selected to participate in Beta Track at the Web Summit, and, the bridge

1 funding was going to provide additional support the Company's efforts during that period.

2 28. Gatti worked hard to destroy this opportunity and ensure that the funds would not
3 be provided. Some of the wrongdoing in which Gatti engaged to destroy this transaction
4 included, but was not limited, to repeatedly lying to the Company about the need for the
5 Company to refrain from accepting any other investor money pending this investment. Gatti told
6 her colleagues at the Company that the venture capital fund would not proceed if other parties
7 invested at the same time. In reliance on Gatti's misrepresentation of the fund's position, the
8 Company turned down other investors that had asked to invest during that period of time.
9 Thereafter, the Company learned that the fund, without any reason, had decided not to go through
10 with the funding. When the Company had a call with the fund to clarify the situation, the
11 Company was shocked to learn of Gatti's lies, which Gatti dismissed during the call as having
12 been a misunderstanding between her and the fund. As a result of Gatti's fraudulent conduct, she
13 achieved her goal of mining company funding, because the Company lost both investments.

14 29. This was just one of several investment transactions that Gatti intentionally
15 destroyed to bring the Company into an immediate financial crisis and be left with no choice but
16 to sell.

17 30. The harm suffered by the Company as a result of the funding failures caused by
18 Gatti is substantial. Gatti, acting in furtherance of her scheme with the other defendants, caused
19 the Company to lose millions of dollars that investors had already committed to providing. The
20 lack of funding caused by Gatti's scheme has forced the Company to defer additional investments
21 in its product development, thereby slowing its introduction and marketing of new products to
22 market and making the Company more vulnerable to competitors.

23 31. Gatti's misconduct did not stop after her termination. After Gatti was terminated
24 from the Company and removed from the Company's Board of Directors, Gatti continued to
25 communicate with the Company's employees and its existing investors with the intent to cause
26 further damage to the Company. For example, in an email she sent to the Company's current
27 shareholders dated February 13, 2015, Gatti falsely claimed that she had voluntarily stepped
28 down from her executive position at the Company, and that she was appointed Chairman of the

1 Company, which is defined as the most powerful member on the board of directors who provides
2 leadership to the firm's officers and executives. Gatti claimed, writing in that impostor capacity,
3 that she was advising the Company and its investors to remain focused on fundraising. These
4 false and misleading communications have confused the Company's employees and investors,
5 who had been informed that Gatti was terminated. Gatti's continuing wrongdoing has caused
6 further harm to the Company by demoralizing employees and making investors reluctant to
7 provide additional funding to the Company.

8 32. When the Company informed Gatti, following her termination, that it had
9 uncovered serious wrongdoing by her and the other defendants, Gatti proceeded to destroy
10 materials belonging to the Company and to take other steps to impede the Company's
11 investigation. This activity on Gatti's part has included retaining a computer expert to delete data
12 on a laptop computer that is owned by the Company (and that she failed to return as she was
13 contractually required) and deleting her calendar and other information from the Company's IT
14 system.

15 33. Based on the foregoing, it is clear that Gatti's and the other defendants' unlawful
16 activities, including their use of the wires to engage in multiple acts of fraud against the
17 Company, and their continued use and destruction of stolen Company property are expected to
18 continue unless enjoined by a Court. If those unlawful activities are allowed to continue, they
19 will cause substantial and irreparable harm to the Company.

20 34. To remedy the defendants' egregious and unlawful conduct described herein, the
21 Company seeks equitable relief in the form of (i) temporary, preliminary and permanent
22 injunctive relief restraining the defendants' unlawful acts, (ii) rescission of the restricted stock
23 grant made by the Company to Gatti and (iii) disgorgement of all proceeds and other benefits
24 obtained by the defendants from their unlawful activity. The Company also seeks damages
25 against the defendants, jointly and severally, such damages to be trebled pursuant to the
26 provisions of the Racketeer Influenced and Corrupt Organizations Act, as well as recovery of all
27 costs and expenses incurred in this action.

28

THE PARTIES

35. Plaintiff Loop AI Labs Inc. is a Delaware corporation with its principal place of business located in San Francisco, California.

36. Upon information and belief, Defendant Anna Gatti ("Gatti") is an individual residing at 24 Clarendon Avenue in San Francisco, California.

37. Upon information and belief, Defendant IQSystem LLC is a limited liability company established under the laws of the State of California on January 21, 2014, domiciled at one of Gatti's personal residences in San Francisco. Upon information and belief, Defendant Gatti is the sole member of IQSystem LLC. Gatti created IQSystem LLC to receive payments resulting from her wrongdoing committed against the Company. The Company is informed and believes that during the time period relevant herein, through IQS, Gatti received hundreds of thousands of dollars from the Defendants and other parties, in exchange for Gatti's provision of illegal property and services. As a result of the large profits that Gatti was unlawfully making at the expense of the Company, Gatti was able to afford a very luxurious lifestyle, which, in the last few months alone, included such expenses as making an offer via IQS to buy a luxury condo at the Ritz Carlton costing more than \$1.5 million, buying a Maserati for herself and a Porsche for her boyfriend, going on luxury vacations, and booking expensive business class tickets to Europe for her and her boyfriend.

38. Upon information and belief, Defendant IQSystem Inc. is a Delaware Corporation that Gatti caused to be created for the same purposes described above in respect of IQSystem LLC. The two IQSystem entities were created in Delaware and California to make detection and discovery of Gatti and the other Defendants' wrongdoing more difficult. For similar purposes, Gatti caused multiple bank accounts to be opened in the name of various Defendants as well as other individuals and entities, in order to safeguard her loot in the event she would be caught. (IQSystem LLC and IQSystem Inc. together referred to as "IQS").

39. Defendant Almaviva S.p.A. (“Almaviva IT”) is an Italian company with its principal place of business in Rome, Italy. Almaviva IT holds itself out as a top Italian information and technology company, with international operations throughout the world.

1 Almaviva's executives and board members were directly involved in every aspect of the scheme
2 and conspiracy orchestrated by Gatti against the Company in San Francisco. Almaviva IT sent
3 their highest-level executives repeatedly to San Francisco to oversee Gatti's unlawful activities
4 against the Company, and continuously used the wires (both telephone and email) to carry out the
5 conspiracy with Ms. Gatti and her boyfriend, Tony DiNapoli, in San Francisco.

6 40. Defendant Almawave S.r.l. (“Almawave IT”) is an Italian company with its
7 principal place of business in Rome, Italy. Almawave IT holds itself out as doing business all
8 over the world, including in the United States, through the company created by Gatti. The
9 highest-level executives of Almaviva IT, including Marco Tripi (“Tripi”) and his wife Valeria
10 Sandei (“Sandei”), who were the main participants and the ones who authorized and financed the
11 wrongful scheme against the Company, are key executives in both Almawave IT, and its parent
12 company Almaviva IT.

13 41. Defendant Almawave USA Inc. is a California corporation that Gatti caused to be
14 incorporated in May 2014, with its principal place of business listed at Gatti's residence at 24
15 Clarendon Avenue in San Francisco, California.

OTHER CO-CONSPIRATORS

17 42. Antonio or Tony DiNapoli (“DiNapoli”), an individual residing in San Francisco
18 at 24 Clarendon Avenue with Gatti, actively participated in the conspiracy by aiding and abetting
19 Gatti, IQS and the Almaviva Defendants in misappropriating the Company’s tangible and
20 intangible assets and properties, and in concealing from the Company the Defendants’
21 wrongdoing.

22 43. Manuela Micoli (“Micoli”), an individual residing in San Francisco, also actively
23 participated in the conspiracy and assisted Gatti, DiNapoli and the other Defendants in
24 perpetrating the wrongdoing against the Company, and keeping said wrongdoing concealed from
25 the Company. Among other things, Micoli and DiNapoli, took steps in furtherance of the
26 racketeering scheme being perpetrated against the Company by intentionally obtaining access to
27 the Company’s office through the use of false pretenses and deception.

1 44. On information and belief, and based upon the company's current investigation
2 other individuals, Peter Huang ("Huang") actively assisted Gatti and the other Defendants in the
3 same manner as described in respect of DiNapoli and Micoli. These individuals were hired by
4 Gatti to help her and the other Defendants steal from the Company. Among other things, Gatti
5 gave Huang access to the Company's electronic accounting system, and falsely represented to the
6 Company's bank in San Francisco that Huang was permitted to obtain access to the Company's
7 bank.

8 45. Upon information and belief, Dario Vignudelli (“DV”) is an individual residing in
9 Seattle, Washington. DV is a former consultant of the Company and while employed by the
10 Company, DV aided and abetted Gatti and the other Defendants in her wrongdoing, including by
11 taking the Company’s confidential information and trade secrets and using it for the Almaviva
12 Defendants.

13 46. On information and belief, The Needs and its Chief Executive officer, Gabriele
14 Pansa, both domiciled in San Francisco, conspired with Gatti and the other Defendants to engage
15 and facilitate the wrongdoing described herein.

16 47. The Company's investigation is ongoing and these, as well as additional
17 individuals and entities will be joined in the action as will be appropriate.

JURISDICTION

19 48. This Court has original jurisdiction over this action pursuant to 28 U.S.C. §§ 1331,
20 based on Plaintiff's claims under the Racketeer Influenced and Corrupt Organization Act, 18
21 U.S.C. § 1964 *et seq.* and the Computer Fraud and Abuse Act, 18 U.S.C. §§ 1030 *et seq.*.

22 49. This Court has supplemental jurisdiction over the remaining claims pursuant to 28
23 U.S.C. § 1337(a), because all remaining claims are so related to the claims in the action within
24 this Court's original jurisdiction that they form part of the same controversy.

25 50. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1331(b) because a
26 substantial part of the acts or omissions giving rise to Plaintiff's claims alleged in this Complaint
27 occurred in this district.

1 51. This Court has personal jurisdiction over Gatti, IQSystem LLC and Almawave
 2 USA because they are domiciled in San Francisco at Gatti's home residences and because they
 3 engaged in and directed a substantial part of their wrongdoing against the Company in San
 4 Francisco.

5 52. This Court also has personal jurisdiction over the foreign Defendants Almaviva IT,
 6 Almawave IT, and IQSystem Inc. (together, the "Foreign Defendants") because at all times
 7 relevant to this action, these Defendants have maintained systematic and continuous contacts with
 8 California while engaging in the acts described in this Complaint. In addition, this Court has
 9 personal jurisdiction over the Foreign Defendants as a result of their pattern of wrongful and
 10 tortious activities directed against the Company in San Francisco.

INTRADISTRICT ASSIGNMENT

12 53. Pursuant to Local Rule 3-2(d), this action arises in San Francisco County and shall
 13 be assigned to the San Francisco Division or the Oakland Division.

GENERAL ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

A. The Company Entered Into The Stock Purchase Agreement In Reliance Upon Gatti's Materially False And Misleading Representations.

17 54. Gatti induced the Company to hire her and execute the Stock Purchase Agreement
 18 dated August 3, 2012 ("SPA") by intentionally providing the Company's founder materially false
 19 information.

20 55. In January 2012, the Company's founder traveled to the United States to hold
 21 meetings relating to the launch of the Company. At that time, the founder, accompanied by one
 22 of his Italian friends, agreed to meet with Gatti because he was seeking someone who could work
 23 for the Company in obtaining venture capital funding, find business partnerships and manage the
 24 operations.

25 56. Gatti expressed strong and insistent interest in becoming part of the soon to be
 26 formed company. In order to persuade the Company's founder to consider her, Gatti claimed that
 27 she had extensive academic credentials and significant experience in the field, as well as an
 28 extensive network of funding and other business sources in San Francisco and Silicon Valley, and

1 that she would be able to bring funding and business partnerships to the Company. Gatti claimed
2 that she would be able to bring the funding that the Company would need from her sources.
3 During these meetings and communications, which continued from January 2012 for several
4 months, Gatti repeatedly maintained her story about her background, abilities, and connections in
5 order to persuade the Company's founder to agree that the Company should hire her and join his
6 team in the Company.

7 57. Having convinced the Company's founder that she has the right credentials and
8 was the right fit for the Company, Gatti proceeded to provide false statements about her then
9 current work. Gatti claimed that she was a high-level executive at Skype Inc., from which she
10 was receiving cash compensation of \$450,000 a year plus stock options. Gatti claimed that she
11 could not leave such a lucrative position to join the startup Company, unless the Company agreed
12 to give her a compensation package that included a substantial share of the company, in exchange
13 for which she would agree to a lower salary than what she was allegedly receiving from Skype
14 Inc.

15 58. Gatti also directed the founder to verify her background and credentials directly by
16 reference to materials available in the public domain, including interviews by highly reputable
17 Italian newspapers and a resume that she submitted under penalty of perjury for filing with the
18 Italian Bourse, as well other materials and interviews that she had given to Italian newspapers.

19 59. Gatti claimed that she was an independent director in an Italian public company
20 but that her role was terminating. Gatti also claimed that in exchange for the large share of the
21 Company that she demanded (which, when fully vested would have amounted to approximately
22 30% of the Company) to purportedly leave her job at Skype, and wind down her director position
23 with Italian company Buongiorno, she would focus one hundred percent of her time and effort on
24 the Company, as she subsequently contractually agreed to do.

25 60. Gatti also claimed that in order for her to carry out her role of bringing funding
26 and business opportunities to the Company, she required the title of Chief Executive Officer.

27 61. The Company is now informed and believes that Gatti's representations made to
28 induce the Company to hire her, give her a large percentage of shares in the Company, as well as

1 a key executive position, were false. Gatti made these fraudulent representations to induce the
2 Company to give her that which Gatti could never have received had the Company known the
3 truth.

4 62. The Company is now informed and believes that Gatti, in fact, had been fired by
5 Skype and that as of April 2012, Gatti was unemployed and was desperately looking for any other
6 employment she could find. Contrary to Gatti's material misrepresentations to the Company,
7 Gatti was not leaving her employment at Skype to join the Company and was not earning the high
8 compensation that she represented to the Company she would have to forego.

9 63. In reliance on Gatti's representations, the Company agreed to give her a very
10 expensive compensation package, including by agreeing to give her almost 30% of the Company,
11 to make up for the alleged reduction in her cash compensation that Gatti falsely represented she
12 would have had to take.

13 64. Gatti used these and other materially false representations to defraud the Company
14 and induce it to hire her and enter into the Stock Purchase Agreement.

15 65. By this conduct, Gatti was able to fraudulently obtain shares in the Company that
16 she would not otherwise have obtained, thereby damaging the Company.

17 **B. Gatti's Contractual Obligations To The Company.**

18 66. The Company's award to Gatti of restricted shares in the Company was made
19 pursuant the SPA. The award of shares to Gatti was inextricably intertwined and conditioned
20 upon Gatti's employment obligations to the Company. Specifically, the vesting of any shares
21 awarded Gatti under the SPA was conditioned on her "Continued Service Status" with the
22 Company and provided a 1-year cliff before any vesting would begin. After the first year, any
23 additional vesting of shares in the Company continued to be conditioned on Gatti's Continued
24 Service Status. The SPA provides that in the event of a voluntary or involuntary termination of
25 Gatti's Continuous Service Status, the Company was entitled to repurchase 100% of the shares
26 that had not yet vested in accordance with SPA's vesting provisions.

27 67. Gatti's employment obligations with the Company were memorialized in an Offer
28 Letter (the "Executed OL") and in a Confidential Information and Invention Assignment

1 Agreement (the “CIIAA”), both of which were executed by Gatti on October 3, 2012 (the
 2 Executed OL and the CIIAA together referred to as the “Employment Agreement”).

3 68. Under the terms of Gatti’s Employment Agreement, Gatti agreed among other
 4 things, to the following contractual provisions:

- 5 • **Position.** You will start in a full-time position as Chief Executive Officer.... By
 6 signing this letter, you confirm with the Company that you are under no
 7 contractual or other legal obligation that would prohibit you from performing your
 duties with the Company.” Executed OL at § 1.
- 8 • **Outside Activities.** While you render services to the Company, *you agree that*
 9 *you will not engage in any other employment, consulting or other business*
 10 *activity without the written consent of the Company.* In addition, while you
 11 render services to the Company, *you will not assist any person or entity in*
competing with the Company, in preparing to compete with the Company or in
hiring any employees or consultants of the Company.” *Id.* at § 7 (emphasis
 12 added)

13 69. In the CIIAA, Gatti further agreed that as “a condition of [her] becoming
 14 employed (or [her] employment being continued) by” the Company, she would be bound by the
 15 following obligations relevant to this action:

- 16 • **Relationship.** [] Any such employment or consulting relationship between the
 17 parties hereto, whether commenced prior to, upon or after the date of this
 18 Agreement, is referred to herein as the “Relationship.” CIIAA at § 1.
- 19 • **Duties.** [] During the Relationship, *I will devote my entire best business efforts*
 20 *to the interests of the Company and will not engage in other employment or in*
any activities detrimental to the best interests of the Company without the prior
written consent of the Company.” *Id.* at § 2.

21 70. Gatti also agreed under the CIIA to extensive confidentiality provisions which
 22 covered, but were not limited to, the Company’s:

23 technical data, trade secrets, know-how, research, product or service ideas or plans,
 24 software codes and designs, algorithms, developments, inventions, patent applications,
 25 laboratory notebooks, process, formulas, techniques ... engineering designs and
 26 drawings, hardware configuration information, agreements with third parties, lists of,
 27 or information relating to, employees and consultants of the Company (including, but
 28 not limited to, the names, contact information, jobs, compensation, and expertise of
 such employees and consultants), lists of, or information relating to, suppliers and
 customers (including, but not limited to, customers of the Company on whom I called
 or with whom I became acquainted during the Relationship), price lists, pricing

1 methodologies, cost data, market share data, marketing plans, licenses, contract
 2 information, business plans, financial forecasts, historical financial data, budgets or
 3 other business information disclosed to me by the Company either directly or
 4 indirectly, whether in writing, electronically, orally or by observation. *Id.* at § 3(b).

5 71. Gatti's confidentiality obligations continued following termination of her
 6 employment.

7 72. Gatti further agreed to act in the best interest of the Company at all times during
 8 the Relationship, including, but not limiting, by agreeing to comply with the following
 9 obligations:

- 10 • **“8. Solicitation of Employees, Consultants and Other Parties.** As described
 11 above, I acknowledge and agree that the Company's Confidential Information
 12 includes information relating to the Company's employees, consultants, customers
 13 and others, and that I will not use or disclose such Confidential Information except
 14 as authorized by the Company. I further agree as follows:

15 a. **Employees, Consultants.** I agree that during the term of the Relationship,
 16 and for a period of twelve (12) months immediately following the
 17 termination of the Relationship for any reason, whether with or without
 18 cause, I shall not, directly or indirectly, solicit, induce, recruit or encourage
 19 any of the Company's employees or consultants to terminate their
 20 relationship with the Company, or attempt to solicit, induce, recruit,
 21 encourage or take away employees or consultants of the Company, either
 22 for myself or for any other person or entity.

23 b. **Other Parties.** I agree that during the term of the Relationship, I will not
 24 negatively influence any of the Company's clients, licensors, licensees or
 25 customers from purchasing Company products or services or solicit or
 26 influence or attempt to influence any client, licensor, licensee, customer or
 27 other person either directly or indirectly, to direct any purchase of products
 28 and/or services to any person, firm, corporation, institution or other entity
 in competition with the business of the Company. In addition, I
 acknowledge that the Company has valuable Trade Secrets (as defined by
 applicable law from time to time) to which I will have access during the
 term of the Relationship. I understand that the Company intends to
 vigorously pursue its rights under applicable Trade Secrets law if, during a
 period of twelve (12) months immediately following the termination of the
 Relationship for any reason, whether with or without cause, I solicit or
 influence or attempt to influence any client, licensor, licensee, customer or
 other person either directly or indirectly, to direct any purchase of products
 and/or services to any person, firm, corporation, institution or other entity
 in competition with the business of the Company. Thereafter, the Company
 intends to vigorously pursue its rights under applicable Trade Secrets law
 as the circumstances warrant. *Id.* at § 8(a)-(b).

29 73. Gatti also agreed to be bound by an extensive “No Conflicts” provision, which
 30 provided, in relevant part:

- 1 • **"No Conflicts.** [] I acknowledge and agree that I have listed on Exhibit A all
 2 agreements ... if any, with a current or former client, employer, or any other
 3 person or entity, that may restrict my ability to accept employment with the
 4 Company or my ability to recruit or engage customers or service providers on
 5 behalf of the Company, or otherwise relate to or restrict my ability to perform my
 6 duties for the Company or any obligation I may have to the Company. I agree not
 7 to enter into any written or oral agreement that conflicts with the provisions of this
 8 Agreement. *Id.* at § 10(b).

9 **C. Unlawful Activities By Gatti And The Other Defendants Since October 2012.**

10 74. Vesting of Gatti's shares under the SPA was conditioned on her continued
 11 employment in compliance with the terms of her agreements. Under the SPA, had Gatti left or
 12 been terminated during the first year of employment, Gatti would not have vested a single share
 13 in the Company due to the SPA's 1-year cliff before vesting began. Thereafter, Gatti's shares
 14 were to continue to vest based on her continued employment with the Company for a period of 4
 15 years.

16 75. In furtherance of her scheme, from as early as October 2012, Gatti proceeded to
 17 engage in, and conceal, the numerous activities she was undertaking in violation of her
 18 contractual and other obligations to the Company. Since at least January 2014, the other
 19 Defendants participated and furthered Gatti's scheme against the Company.

20 76. Gatti was able to avoid detection for as long as she did because of her role in the
 21 Company as CEO and later President. Gatti's title and her assigned role to obtain venture capital
 22 funding for the Company inevitably gave her a great deal of flexibility and made it difficult for
 23 the other members of the Company's management and Board to effectively oversee her activity
 24 on behalf of the Company. Gatti was expected to network within the venture capital community
 25 and the Northern California technology world, with a view to building awareness of the Company
 26 and the value of its proprietary technology, to gather market intelligence that would be useful to
 27 the Company, and to find and close financing from investors. As a result, her extended absences
 28 from the Company's offices, and her regular appointments with people not directly associated
 with the Company, raised no suspicions because the appearances were consistent with the
 Company's expectations with respect to her assigned role. In addition, Gatti is a convincing liar,
 and was able to perpetrate this fraud through her masterful use of cover-ups and

1 misrepresentations. Thus, the Company had no basis to question her activities or motives, and
 2 she repeatedly cultivated the Companies' employees and their families to perpetrate her deception
 3 and ensure they would have no reason to question her. In fact, when Gatti used the Company's
 4 premises and other resources to conduct business on behalf of the Company's competitors, she
 5 accomplished a double deception -- she improperly concealed the true nature of her disloyal and
 6 improper conduct, while at the same time knowingly creating the false impression that she was
 7 hard at work on the Company's behalf.

8 77. It was Gatti's conduct just before and during the meeting in which she was
 9 terminated that caused the Company to begin an investigation. The Company was utterly
 10 shocked to discover evidence of such extensive and egregious, if not criminal, wrongdoing by
 11 Gatti and the other Defendants.

12 78. For instance, as of October 2012, Gatti had already undertaken consulting
 13 positions with at least three separate companies, and was constantly in the process of seeking
 14 additional consulting positions for herself while she was contractually required to work full time
 15 for the Company or else face termination.

16 79. With the passage of time, Gatti continued unlawfully to use the Company's
 17 confidential information and contacts, including contacts with investors that the Company was
 18 approaching to obtain venture capital funding, and potential business partners to seek
 19 opportunities for herself.

20 80. Although the extent of the Defendants' wrongdoing discovered to date is too
 21 extensive to detail in full in this Complaint, below are descriptions of some of the wrongful
 22 activities that are part and parcel of the Defendants' scheme to defraud the Company.

23 **1. TheNeeds**

24 81. At the end of August 2013, the Company pitched to Investment Fund 1. Within
 25 less than 10 days, Gatti improperly used the Company's contact at Investment Fund 1 to advance
 26 her own agenda, and seek to profit from the Company's confidential and trade secret information.
 27 Specifically, Gatti used Investment Fund 1 to gain an introduction to Gabriele Pansa ("Pansa"),
 28 the CEO of TheNeeds, to discuss becoming involved with TheNeeds.

1 82. At that time, TheNeeds was a brand new startup seeking to begin operating in a
 2 virtually identical technology space as the Company, by seeking to use some level of artificial
 3 intelligence to transform unstructured social data to structured data in order to provide
 4 personalized services in a particular internet arena.

5 83. TheNeeds presented a perfect opportunity for Gatti to begin cashing in on the back
 6 of the Company's work. Gatti had access to critical confidential business and technical
 7 information that would have been invaluable to a company like TheNeeds that sought to enter the
 8 same space and that also sought to access the same investors.

9 84. On October 21, 2013, at Gatti's invitation, Pansa came to the Company's offices in
 10 San Francisco to meet with Gatti. During the course of this meeting, Pansa, on information and
 11 belief, discussed with Gatti the issue of her collaboration with TheNeeds while he perceived
 12 TheNeeds and the Company to be competitors.

13 85. In response to this "competitive" concern, in an email dated October 28, 2013,
 14 Gatti wrote to Pansa as follows:

15 "Here [is] where I think we are:
 16 - ***we are not competitors but we are complementary***
 17 - I can see how I can help you: from pitch deck content and format, to pitch rehearsal,
 to introductions to potential investors, to brainstorming on strategy = ***this is equal to a***
 hands-on advisor commitment
 18 - ***I don't think it is beneficial for you to list yet another Italian advisor in your deck.***
 I do think it is beneficial for you to have someone who can help you in getting ready
 to pitch
 19 - if you think that having an hands-on advisor ***not listed in your deck*** would be useful
 20 to you, we can discuss terms and conditions of the engagement. (emphasis added).

21 86. In the following days, Gatti continued to negotiate with Pansa for a role and a
 22 stake in TheNeeds in exchange for her unlawful delivery of highly confidential information, trade
 23 secrets, opportunities and services belonging to the Company. Pansa and TheNeeds knew that
 24 their conduct with Gatti was unlawful, and that Gatti was not permitted to divert to TheNeeds the
 25 valuable confidential information, opportunities and services that belonged to the Company.

26 87. Within a short period after this meeting, Gatti obtained a consulting agreement
 27 from TheNeeds with a compensation offer that provided the award to Gatti of shares equivalent to
 28 10% of TheNeeds.

1 88. Since Gatti began her secret and unlawful engagement with TheNeeds, TheNeeds
 2 suddenly began to adopt technology, marketing materials, strategies and terminology that, at least
 3 as advertised to the public, appear to be virtually identical to those that were being confidentially
 4 discussed and used by the Company. For instance, TheNeeds recent evolution towards the
 5 concept of digital DNA of a person happened after Gatti began her engagement with TheNeeds
 6 and the Company's patent application was not yet public. By way of another example, another
 7 business strategy involving third parties that the Company was discussing internally before its
 8 launch was thereafter adopted by TheNeeds, as announced by its CEO in an interview. TheNeeds
 9 evolution, at least on the surface, in a direction that is so similar to that of the Company, while the
 10 Company's CEO is secretly working with them, cannot be coincidence.

11 **2. The Almaviva Defendants.**

12 89. Another opportunity for Gatti to profit from the Company's valuable confidential
 13 information, trade secrets and other assets, came in the form of the Almaviva Defendants.

14 90. The Almaviva Defendants operate a technology company in Italy and in other
 15 parts of the world. The Almaviva Defendants sought to enter into San Francisco and Silicon
 16 Valley with a company that focused on the use of artificial intelligence for speech analytics,
 17 semantic understanding, data/text, information discovery and sentiment analysis on big data and
 18 social data. The Almaviva Defendants new proposed venture in Silicon Valley was in the same
 19 technology field as the Company. As CEO of the Company, Gatti could never have been
 20 legitimately involved with the Almaviva Defendants, while also being the CEO of the Company
 21 and while having ongoing access to the Company's trade secrets and confidential information.

22 91. While knowing that their conduct was impermissible, as of January 2014 the
 23 Almaviva Defendants appointed Gatti to serve as their lead executive and CEO of their San
 24 Francisco "start up." Knowing that Gatti could not legitimately operate two offices, the
 25 Almaviva Defendants agreed with Gatti that she would domicile the new company, later named
 26 Almawave USA, at Gatti's own home residence.

27 92. But for Gatti's role as CEO of the Company, the Almaviva Defendants would
 28 never have hired Gatti, let alone made her the CEO of their start-up concurrently with her existing

1 CEO position at the Company. Other than her ability to freely access the Company's confidential
2 and proprietary information and property, Gatti had no experience or knowledge in the artificial
3 intelligence space, and had nothing to contribute to the Almaviva Defendants independently of
4 what she was stealing from the Company.

5 93. The Almaviva Defendants agreed to participate in this scheme because through
6 Gatti they could immediately gain access to highly proprietary information, technology and
7 strategies, investors, and potential business partners by simply paying a tiny fraction of what they
8 would have had to pay to even be taken into consideration as a legitimate investor. The Almaviva
9 Defendants are believed to have paid Gatti at least \$70,000 a month, which payments Gatti sought
10 to conceal through the use of the newly formed IQS Defendants.

11 94. As of January 2014, Gatti and the Almaviva Defendants were actively executing
12 their fraudulent scheme against the Company. Gatti would continue working for the Company,
13 while at the same time using most of her working day preparing to launch Almaviva USA.
14 Concurrently, Gatti would work from the inside of the Company to cause the Company to have to
15 sell itself, instead of seeking investment for its growth. This strategy would have permitted Gatti
16 to deliver the Company's assets and its key employees to the Almaviva Defendants on the cheap.
17 At the same time, Gatti would have been able to cash out on all of her shares in the Company
18 (which vesting would have accelerated upon a sale), while she had profited from the Company's
19 property and obtained a new role with the Almaviva Defendants. A win-win scheme for Gatti
20 and the Almaviva Defendants.

21 95. On January 2014, the President of the Company emailed Gatti to request that she
22 make herself available to participate in a critical investor meeting with Investment Fund 2. Gatti
23 falsely claimed that she could not attend because she was traveling to Italy "to see if Almaviva
24 wanted to invest" in the Company. Upon her return, Gatti told the President of the Company that
25 in fact she had determined that Almaviva was not interested in investing in the Company. Gatti's
26 statements were all false. In fact, as Gatti failed to inform the Company, she was already working
27 with the Almaviva Defendants to steal from the Company.

28

1 96. Upon returning from the meeting with the Almaviva Defendants, and hearing of an
2 approaching investment, Gatti undertook to intentionally sabotage it before its closing date. A
3 successful investment into the growth of the Company seriously threatened Gatti's scheme,
4 because it would have undermined her ability to persuade the Company that it needed to sell,
5 instead of continuing to grow and remain independent.

6 97. To interject herself into this and another investment opportunity, Gatti claimed that
7 as CEO of the Company, she was the one who had to lead communications with investors. At the
8 time, this made sense because she had been hired for that role and the rest of the Company was
9 very busy working around the clock to continue advancing the Company's business and products.
10 In March 2014, in anticipation of a meeting with Investment Fund 2, Gatti unlawfully and in
11 violation of her obligations to the Company revealed confidential Company information to
12 Investment Fund 2, and specifically that the Company was working with Investment Fund 3 to
13 close an investment from them. Gatti knew that revealing this confidential information could
14 have caused interference and halted the investment by Investment Fund 3, for reasons that were
15 well known to her. Indeed, shortly after her disclosure, Investment Fund 3 decided to wait in
16 closing the investment. Gatti justified her behavior to the Company by claiming that her
17 disclosure was accidental. Thereafter, not long after this incident, and after the Company met
18 multiple times with Investment Fund 2, Gatti proceeded to invite Investment Fund 3 to an event
19 with the Almaviva Defendants, which presumably made it known to Investment Fund 3 that Gatti
20 was working for the Almaviva Defendants as well. As has now been revealed, Gatti intentionally
21 began to try to sabotage as many investment opportunities of the Company as she could get
22 involved with.

23 98. With the aid and assistance of the Almaviva Defendants, Gatti continued
24 perpetrating her unlawful scheme, by sending fraudulent communications through the wires to the
25 Company's other executives and key employees. In one such communication, Gatti falsely told
26 the Company's President, that in her capacity as CEO and in charge of finding investments for the
27 Company she was directing that the Company stop seeking investments from various sources, as
28 she had knowledge that that would jeopardize investments from institutional sources.

1 99. Gatti's need to force the company into a cash crisis in order to limit growth,
2 demoralize employee, and sell became especially urgent when the Company was entering the
3 market, after being selected for the Beta track at the Dublin Web Summit, held in November
4 2014. The Web Summit features only a few companies in this category. The companies invited
5 are selected based on their display of true innovation and business acumen.

6 100. Upon hearing the Web Summit news, Gatti failed to perform initial marketing
7 activities for the launch, and then claimed that she did not have sufficient time to perform the
8 marketing activities and the work that was needed by the Company to duly prepare to present at
9 the Web Summit. When the Company sought immediately to hire a senior marketing director to
10 ensure the Company would be able to complete the work required, Gatti intentionally tried to
11 sabotage the hiring of this person by telling this high-level candidate during the interview that she
12 was "not needed" and that as the CEO of the Company she did not want to hire her. As a result of
13 this incident, Gatti was asked to step down from her position as CEO of the Company, so that the
14 Company could nonetheless proceed with the hiring and properly prepare for its launch at the
15 Web Summit. Gatti agreed to step down if appointed President of the Company with no
16 operational role. Gatti also demanded to continue remaining the point of contact with other
17 investors, including Investment Fund 4, with whom the Company was in the process of
18 negotiating a term sheet. Gatti fraudulently claimed that if she were removed from her
19 participation in the communications with Investment Fund 4, the Company was likely to lose the
20 investment. In fact, Gatti made these fraudulent representations so that she could continue to
21 further the Defendants' unlawful scheme against the Company.

22 101. Gatti then proceeded to inform the other founders of the Company that she had
23 spoken to Investment Fund 4 and that they told her that they would provide the Company with a
24 large investment, so long as the Company would refrain from seeking or bringing other money
25 from other smaller investors. Gatti claimed that Investment Fund 4 told her that they would
26 themselves be bringing other investors to the Company to participate in the funding round, that
27 they would have proactively involved other venture capital ("VC") investors that they alone
28 wanted to choose. Gatti also told the other founders that the Company needed to sit tight and wait

1 to meet with other VC brought by Investment Fund 4 to join the round.

2 102. In reliance on Gatti's representations, the Company, during a meeting with other
3 investors held in November 2014, turned down their investments, which the new Company's
4 CEO wanted to obtain to ensure the Company had sufficient liquidity in the event of any issue
5 with Investment Fund 4, whose funding was due to be received and closed in December 2014.
6 Gatti assured Company management that while additional investments from smaller investors
7 were not acceptable to Investment Fund 4, these investments were not in any event needed
8 because Investment Fund 4 would have wired the funds before the end of November, and the
9 Company could rely on that for its financial planning. The Company was shocked when the
10 closing date of the investment with Investment Fund 4 arrived, and the Company did not receive
11 the funding that Investment Fund 4 had agreed to make.

12 103. Gatti claimed that she did not know why Investment Fund 4 had failed to make the
13 agreed upon transfer. During a subsequent call with Investment Fund 4, that Gatti tried to
14 postpone and avoid for as long as she could, but in which the new CEO of the Company required
15 her to participate, Investment Fund 4 explained that they had told Gatti that their investment was
16 contingent on the Company communicating to them that it had found at least another investor on
17 its own to participate in that round. Investment Fund 4 explained that it would have made some
18 introductions on a best effort basis, but the scouting of additional investors to the round was
19 entirely on the Company. During the call, Gatti claimed that she had misunderstood and that she
20 thought the Company did not need to do anything other than to wait. When the CEO of the
21 Company confronted Gatti about the contrary information she had given the Company —
22 including that Investment Fund 4 had purportedly demanded that the Company stop accepting
23 investments from smaller investors — Gatti again claimed that she had misunderstood what
24 Investment Fund 4 told her. Following this incident in mid-December 2014, Gatti disappeared.
25 Upon her return to the office on February 3, 2014, Gatti was terminated from her executive and
26 employee positions with the Company. Gatti was removed from her position as director in the
27 Company shortly thereafter.

28

1 104. As the Company discovered following her termination, Gatti's conduct was not the
2 product of incompetence. It was intentional wrongdoing, part and parcel of the Defendants'
3 unlawful scheme against the Company.

4 105. Indeed, as has now been revealed, in late 2014, Gatti was also working to get her
5 other company, TheNeeds, acquired by the Almaviva Defendants.

6 106. The Company also discovered numerous additional acts of wrongdoing that
7 Defendants and their co-conspirators perpetrated against the Company to execute this scheme.
8 For instance, beginning in April 2014, Gatti claimed that DiNapoli, her boyfriend, was launching
9 a new microchip business and that, as he was awaiting office space, he should be able to use some
10 empty desks in the Company's offices. Based on these materially false representations, the
11 Company consented to the use of two desks by DiNapoli and his purported assistant, Micoli.

12 107. In fact, as the Company has now learned, DiNapoli and Micoli worked for Gatti
13 and the Almaviva Defendant, through IQS, and assisted those Defendants in misappropriating the
14 Company's property, among other things. DiNapoli and Micoli began using the empty desks in
15 the Company offices pretending that they were working on a microchip business, while in fact,
16 they were working all along for Gatti and the Almaviva Defendants and had fraudulently gained
17 access to the Company's offices.

18 108. Thus, Gatti, the Almaviva Defendants and their co-conspirators, in addition to
19 openly stealing from the Company, were now unlawfully using the Company's premises in its
20 San Francisco office to carry out their unlawful enterprise. Concurrently, Gatti formally
21 incorporated Almawave USA, which she domiciled at her home residence, while she in fact was
22 unlawfully operating said fraudulent and competing enterprise, as well as the IQS Defendants,
23 from the Company's offices, without the Company's knowledge or permission.

24 109. As a result of this pattern of illegal activities, the Almaviva Defendants launched
25 their new US startup in no time. In connection with the official launch of Almawave USA, Gatti
26 in her capacity as CEO of said new startup, used the Company's trade secrets and contacts to
27 invite numerous people to meet the Almaviva Defendants in San Francisco.

28

1 110. Key executives of the Almaviva Defendants were involved in every aspect of this
2 scheme and repeatedly traveled to and were in constant communications with Gatti and her co-
3 conspirators in San Francisco to further the execution of this scheme.

4 111. As a result of this extensive wrongdoing, it is not surprising that in just a few
5 months, Almawave USA, whose only employee was Gatti and had no engineers, claimed that it
6 would be focusing on services with the same core technology as the Company. For instance,
7 Almawave heavily emphasizes its capability for semantics and “natural language-based semantic-
8 ontological interpretation” that is similar to the Company’s technology: generating semantics
9 from unstructured text data. Almawave claims to provide “understanding and interpretation of
10 Customer requirements, by tracking and extracting concepts of interest.” Tracking and extracting
11 concepts of interest from text exactly describes the core technology of the Company. Aside from
12 analyzing client text data, Almawave also emphasizes using web sources like social media to
13 capture and track semantics and concepts related to the customer interest, claiming that “content
14 retrieved from the Web thus becomes shared information to understand the Customer journey and
15 the setup of consistent and effective models for cross-channel analytics.” This strategy of using
16 large amounts of available web data and social media data has been the Company’s strategy from
17 the start. Finally, there is a great deal of overlap in Almawave claims of sentiment analysis of
18 these data. Almawave claims it will be able to do “sentiment analysis to understand Customer
19 needs, brand reputation and strategies for information dissemination.” They claim to answer the
20 questions of, “What are people talking about? (products, services, brands, current events,
21 politics),” “With what sentiment? (positive, negative, neutral),” and “On which channels? (blogs,
22 social network, Websites, forums).” These are exactly the questions and means by which the
23 Company’s AI sought to create value from its technology. The phrase, “enable the semantic
24 analysis of contents retrieved from public sources, by interpreting ‘non-structured’ contents
25 published by social network users” sounds particularly reminiscent of the main pitch of the
26 Company.

27 112. These similarities are not coincidental. They are the product of Gatti and the
28 Almaviva Defendants’ carefully orchestrated theft from the Company, through a carefully

1 orchestrated inside job and cover-up.

2 113. The Defendants' wrongdoing has greatly damaged the Company and will continue
3 to damage the Company if not restrained.

4 **D. Gatti and the Almaviva Defendants' Wrongdoing Is Ongoing.**

5 114. Despite terminating Gatti from any and all roles at the Company, the Defendants
6 wrongful and fraudulent conduct continues.

7 115. For instance, despite her termination, Gatti continued to unlawfully access the
8 Company's electronic system to continue stealing information and attempting to conceal evidence
9 of the Defendants' wrongdoing.

10 116. Recently, Gatti and the Almaviva Defendants even sent one of their employees,
11 Francesca Valentini, to the Company's offices under the false pretense that she needed to speak to
12 a company in offices adjacent to the Company.

13 117. Even after Gatti was informed by the Company that an investigation had revealed
14 serious wrongdoing on her part, and even after Gatti was asked immediately to cease her
15 wrongful activities towards the Company, on February 13, 2014, Gatti responded by sending an
16 email to investors in the Company seeking to cause further damage to the Company. In this
17 email, Gatti falsely and fraudulently claimed that she had amicably stepped down from the
18 Company and that she now was the Chairman of the Company.

19 118. Most recently, on February 17, 2015, Gatti caused a computer attack to be
20 launched on her former Company account, being preserved under a litigation hold, and caused her
21 calendar records detailing substantial evidence of her wrongdoing to be deleted. Although the
22 Company had imaged those records and had separately preserved the evidence, Gatti's conduct
23 demonstrates that unless judicially restrained, Gatti will not cease her unlawful activities.

24 **FIRST CAUSE OF ACTION**

25 **(Racketeer Influenced and Corrupt Organizations, 18 U.S.C. §§ 1962 *et seq.*,
26 against All Defendants)**

27 119. The Company repeats and realleges each and every allegation contained in the
28 foregoing paragraphs and incorporates them herein by reference.

1 120. By the acts alleged above as well as those set forth below, the Defendants and their
 2 unnamed co-conspirators associated in a joint enterprise engaged in interstate commerce to
 3 conduct the enterprise's affairs through a pattern of racketeering activity, in violation of 18
 4 U.S.C. § 1962 *et seq.*

5 121. All Defendants named in this action were persons within the meaning of 18 U.S.C.
 6 § 1961.

7 The Enterprise

8 122. The enterprise with which the Defendants associated was organized at least as
 9 early as January 2014, if not sooner, for the purpose of infiltrating the operations of the Company
 10 in order to steal the Company's confidential information and trade secrets, divert the Company's
 11 existing and prospective employees, advisors, consultants, and partners, as well as existing and
 12 prospective investors, among other things, and force the Company to have to sell itself for a
 13 fraction of what the Company is worth for the benefit of the Defendants associated in the
 14 enterprise.

15 123. This enterprise was and is directed chiefly by Defendant Gatti and the Almaviva
 16 Defendants, through Ms. Sandei as well as other executives of the Almaviva Defendants, who
 17 held primary decision making and operational authority over the enterprise, and who directed the
 18 activities and operations of Defendant Almawave USA and the IQS Defendants, in which Gatti is
 19 an officer, member and shareholder, and in which the other Almaviva Defendants are also
 20 owners. As chief decision makers in the enterprise, Gatti and the Almaviva Defendants directed
 21 the activities of fellow enterprise associates DiNapoli, Micoli, Vignudelli, Huang, and others,
 22 who assisted the enterprise in conducting their racketeering activity against the Company.

23 124. The Defendants are associates of the enterprise and cause the enterprise to function
 24 as a continuing unit by performing their individual roles as described in the foregoing allegations,
 25 as a repeated in part below.

26 125. Defendant Gatti infiltrated the Company's operations by providing to members of
 27 the enterprise, the Almaviva Defendants, the IQS Defendants, DiNapoli, Micoli, Huang,
 28 TheNeeds, and Pansa, the confidential and trade secret Company information described above,

1 and by giving them unlawful access to the Company's offices and property using false pretenses.
2 As an officer of the Company, Gatti was integral to the enterprise's operations. In her role, Gatti
3 coordinated the efforts of the other Defendants and co-conspirators named above in actively
4 concealing the fraudulent activities of the enterprise, which have included, but were not limited
5 to:

- 6 • Using the Company's email, computer and other IT systems and accounts for the
7 purpose of running the financial and communications operations of the IQS and
8 Almawave USA, including the use of phones as the primary method of voice
9 communication for IQS and Almawave USA's operations, creating contracts,
10 managing accounting, conducting meetings of these two entities, and directing the
11 services of the Company's employees and advisors for the benefit of IQS and
12 Almawave USA, and managing these two entities' relationships with third-party
13 suppliers and technicians obtained from the Company's confidential service
14 provider list.
- 15 • Misappropriating the confidential and proprietary information and trade secrets of
16 the Company, which include the Company's proprietary technology and strategies
17 developed over the course of several years. The associate of the enterprise used
18 the Company's confidential information and trade secrets to also track and monitor
19 the Company's progress and strategies in order to identify opportunities for
20 diverting investments, employees and advisors away from the Company.
- 21 • Causing the Company to pay for charges incurred in furtherance of the interests of
22 the Defendants, and not the Company.
- 23 • Defendant Gatti infiltrated the Company by purporting to act as its CEO while
24 simultaneously enlisting the assistance of the Defendants and the other participants
25 in the enterprise to divert the Company's resources toward the end of defrauding
26 the Company of its property, including its confidential information and trade
27 secrets, its sales revenue, and the unfettered use and direction of the Company's
28 assets.

- At the same time as Gatti infiltrated the Company in this manner, she oversaw the operation of the enterprise's separate legal entities Almawave USA and the IQS Defendants.

4 126. Gatti actively performed activities on behalf of the enterprise while working as an
5 employee and officer of the Company and took measures to ensure that the Company did not
6 detect the activities of the enterprise.

7 127. The enterprise existed as an entity separate and apart from the pattern of
8 racketeering in which it engaged, in that Gatti and the other Defendants and their associates
9 coordinated the commission of several predicate acts of mail and wire fraud against the Company,
10 while Defendant Almawave USA and the IQS Defendants simultaneously purported to engage in
11 a legitimate business operation.

The Pattern of Racketeering Activity

13 128. Defendants engaged in a pattern of Racketeering Activity by committing countless
14 acts of mail and wire fraud, in violation of 18 U.S.C. §§ 1341 and 1343, against the Company,
15 with the common and continuous purpose of conducting the operations of the enterprise, as set
16 forth in this Complaint, and defrauding the Company. Defendants' actions were committed on a
17 continuous and regular basis beginning as early as January 2014, if not earlier, and continue
18 without cessation to the present day.

19 129. The continuous nature of Defendants' racketeering activities is clearly
20 demonstrated by Gatti's repeated use of electronic communications in interstate commerce to
21 transfer to her personal email account, as well as to one or more of her co-conspirators,
22 confidential and trade secret information stolen from the company. Gatti perpetrated this
23 activity by automatically forwarding to her personal email account ***all emails*** received by her
24 work email account. This activity was ongoing for at least one year, and continued through her
25 termination on February 3, 2015.

26 130. Defendants' acts were designed with the ultimate goal of forcing the Company out
27 of business and making off with all of its valuable intellectual property – goals that the
28 Defendants still seek to effectuate today by, among other activities, using the wires to destroy

1 evidence of their fraudulent behavior. For example, on February 17, 2015, Gatti caused an attack
 2 on her work account in an attempt to delete calendar data. These unlawful acts committed by the
 3 Defendants will continue into the future, unless enjoined, and are designed to continue to damage
 4 the Company's business operations.

5 **Mail and Wire Fraud**

6 131. Defendants engaged in a scheme to defraud the Company through use of mail and
 7 the wires, including, but not limited to, by:

- 8 • Gatti's active misrepresentations of her own activities, as well as those of her co-
 9 conspirators which she brought to the Company's offices, as well as
 10 misrepresenting Gatti's whereabouts while a full-time employee of the Company,
 11 and actually working in direct competition with and to damage the Company.
- 12 • Crafting false pretenses that Gatti, as employee of the Company, was using and
 13 accessing the Company's property and resources only for the benefit of the
 14 company, when, in reality, Defendants were misappropriating the Company's
 15 assets and resources for their own benefit and that of the enterprise;
- 16 • Misappropriating for their own benefit, and that of Almawave USA and the other
 17 Defendants, the confidential information and trade secrets of the Company;
- 18 • Causing the Company to pay for charges that Gatti incurred in furtherance of the
 19 interest of Almawave USA and the other Defendants, and not the Company.

20 132. As part of their pattern of racketeering activity, Gatti and the other defendants
 21 engaged in innumerable fraudulent acts during the relevant time period. A small sampling of the
 22 Defendants' activities include the following:

- 23 • Throughout 2013 and 2014, Gatti repeatedly and continuously used the wires in to
 24 transfer to herself and the enterprise confidential information and trade secrets of
 25 the Company in furtherance of the Defendants' racketeering activities and scheme
 26 against the Company;
- 27 • On or about February 11, 2014, Gatti sent false and fraudulent statements to the
 28 Company by email, in interstate commerce, asserting that she would be meeting

1 with Almaviva IT to solicit their investment for the Company. At the time of that
2 email, Gatti was already engaged in her pattern of racketeering activity with the
3 Almaviva Defendants for more than one month, and her false statements were
4 designed to further the Defendants' scheme to misappropriate the Company's
5 confidential, proprietary information and trade secrets;

- 6 • On or about February 14, 2014, Gatti sent false and fraudulent statements to the
7 San Francisco branch of Bank of the West by email, in interstate commerce, to
8 fraudulently authorize Bank of the West to give access to the Company's bank
9 account to one of her co-conspirators, Peter Huang, who was a participant in the
10 enterprise with Gatti and the other Defendants. In the email, Gatti falsely and
11 fraudulently stated to Bank of the West that Huang worked for the Company,
12 when in fact this was another step in furtherance of the Defendants' fraudulent
13 against the Company;
- 14 • On or about March 13, 2014, Gatti used the wires, in interstate commerce, to
15 access the Company's electronic calendar and disseminate to the Company false
16 and fraudulent information regarding her activities for the Company, falsely
17 stating that she would be spending all day in Palo Alto to perform work for the
18 Company, when in fact Gatti was in Palo Alto meeting with the Almaviva
19 Defendants to conduct activities in furtherance of the enterprise's racketeering
20 activities and scheme against the Company.
- 21 • On or about October 22, 2014, Gatti made false and fraudulent statements to the
22 Company by email, in interstate commerce, demanding to serve as the primary
23 contact with investors for the benefit of the Company, when in fact she was using
24 that communication to further the racketeering activities and scheme of the
25 enterprise against the Company by limiting the Company's access to funding and
26 diverting funding and other business opportunities to the enterprise;
- 27 • On or about November 3, 2014, Gatti used the wires, in interstate commerce, to
28 access the Company's electronic calendar and disseminate to the Company false

1 and fraudulent information regarding her activities for the Company, falsely
2 stating that she was holding a meeting for the Company, when in fact she was
3 having a meeting with the Almaviva Defendants in furtherance of Defendants'
4 racketeering activities against the Company.

- 5 • On or about November 13, 2014, Gatti made false and fraudulent statements to the
6 Company by email, in interstate commerce, to an interested investor with whom
7 the Company was due to meet, by falsely and fraudulently telling the investor that
8 the meeting needed to be cancelled because the Company's co-founder and chief
9 scientist was ill, when in fact this was not true.

10 133. The foregoing are but a few of the numerous fraudulent activities that the
11 Defendants carried continuously and repeatedly for an extensive period of time. In furtherance of
12 this scheme, the Defendants repeatedly perpetrated this fraud through regular wired
13 communications, including, but not limited to, emails and other electronic communications sent
14 to the Company and the Company's agents from various locations both within and outside
15 California, and through interstate commerce.

16 134. The Defendants also caused to be placed in the mail, both within and outside of
17 California, and through interstate commerce, instruments of their fraud in furtherance of the
18 scheme described herein.

19 135. In furtherance of the same scheme and racketeering activities, the Defendants
20 repeatedly used interstate wire and mail transmissions, in the form of interstate e-mails, telephone
21 calls, faxes, access to electronic repositories, wire transfers, and mail, among other things, to
22 communicate and conduct transactions on behalf and in furtherance of their racketeering
23 enterprise.

24 136. As a direct and proximate result of the Defendants' racketeering activities in
25 violation of 18 U.S.C. § 1962 et seq., the Company has been injured and suffered losses to its
26 business and property, including, but not limited to, loss of confidential information, investor
27 goodwill, past and future existing and prospective business relations, lost assets, and lost
28 profitability.

1 137. WHEREFORE, the Company demands judgment against all Defendants, jointly
2 and severally as more fully set forth in the Prayer for Relief below, including, but not limited to
3 preliminary and permanent injunctive relief, damages in an amount to be determined at trial,
4 trebled with interest, attorneys' fees and costs, and any other and further relief as the Court may
5 deem appropriate.

SECOND CAUSE OF ACTION

(Computer Fraud and Abuse Act, 18 U.S.C. §§ 1030 *et seq.*, against all Defendants and Unauthorized Access to Computers, Cal. Penal Code §§ 502 *et seq.*, against all Defendants)

9 138. The Company repeats and realleges each and every allegation contained in the
10 foregoing paragraphs and incorporates them herein by reference.

11 139. Gatti, in conspiracy with the other Defendants, continued to access the Company's
12 computers, IT and other electronic repositories after beginning employment with, becoming
13 advisor for, or joining the board of the Company's competitors and other companies, including
14 the other Defendants, in violation of her fiduciary, contractual and other obligations to the
15 Company. This access was improper and unauthorized in light of Gatti's unlawful activities in
16 violation of her obligations to the Company, including, but not limited to, her breach of numerous
17 contractual provisions that precluded her from undertaking any other employment, let alone
18 employment for actual or potential competitors of the company, as well as her pattern of
19 fraudulent conduct against the Company, as more fully described above.

20 140. Following her termination, Gatti continued to retain possession of and continued to
21 access a laptop computer provided to her by the Company for use solely in connection with her
22 employment. This access was and continues to be improper and unauthorized.

23 141. Gatti used this unauthorized access to obtain confidential and proprietary trade
24 secret information from the Company for the purpose of unfairly competing with the Company,
25 unjustly enriching herself and the other Defendants, and in violation of state and federal law as
26 well as numerous duties owed to the Company.

27 142. Gatti also used this unauthorized access to destroy or alter evidence of her and the
28 other Defendants' activities, including but not limited to deleting information from her calendar

1 maintained on the Company's IT system following termination of her employment, and erasing
 2 information from her work laptop, in violation of state and federal law as well as numerous duties
 3 owed to the Company.

4 143. As a result of this unauthorized access, the Company has suffered a loss during
 5 any one-year period of in excess of \$7,000 in value in real economic damages.

6 144. As a further result of Gatti's unlawful and unauthorized access to the Company's
 7 computers, the Company has suffered and will continue to suffer significant harm, including but
 8 not limited to the loss of confidential information, investor goodwill, past and future existing and
 9 prospective business relations, and lost profitability.

10 145. WHEREFORE, the Company demands judgment against all Defendants, jointly
 11 and severally as more fully set forth in the Prayer for Relief below, including, but not limited to
 12 preliminary and permanent injunctive relief, damages in an amount to be determined at trial,
 13 trebled with interest, attorneys' fees and costs, and any other and further relief as the Court may
 14 deem appropriate.

15 146. Pursuant to Section 502(e)(2) of California's Penal Code, the Company also seeks
 16 its attorney's fees associated with the investigation and prosecution of this action.

17 147. Pursuant to Section 502(e)(4) of California's Penal Code, to the extent Gatti is
 18 guilty of oppression, fraud, and malice, Gatti is also liable for punitive damages in an amount to
 19 be determined at trial.

20 THIRD CAUSE OF ACTION

(Fraud in the Inducement against Anna Gatti)

22 148. The Company repeats and realleges each and every allegation contained in the
 23 foregoing paragraphs and incorporates them herein by reference.

24 149. Gatti made numerous misrepresentations of fact to the Company in connection
 25 with her application for employment with the Company, including, but not limited to the
 26 following:

- 27 • That she worked as a Visiting Professor and was awarded a PhD and Post-Doc by
 28 Stanford University;

- That she worked as a Visiting Professor at the University of California, Berkeley;
 - That she earned a salary of \$450,000 per year at her prior job at Skype, justifying an award of a large number of shares of stock in the Company to compensate for a lower salary;
 - That a bigger stake in the Company was necessary to require her to leave Skype, when in fact Gatti had already been terminated by Skype;
 - That she had the ability, skill, connections and intention to procure funding for the Company through her allegedly extensive network.

150. Gatti at all times knew that the Company would rely on her representations.

151. Gatti knowingly made these representations in order to extract both employment
and unwarranted compensation in the form of stock and salary from the Company.

152. The Company justifiably relied upon Gatti's representations when it elected to hire Gatti, appoint her as CEO, appoint her to the Company's board, provided her with a significant fraction of potential ownership of the Company, specifically 30% of the Company if all the shares vested, and relied upon her supposed expertise and connections in attempting to grow its business.

153. As a result of Gatti's fraudulent inducement, the Company has been harmed.

154. WHEREFORE, the Company demands judgment against Gatti, including rescission of the SPA (as more fully set forth below) and legal damages in respect of the other contracts in which Gatti fraudulently induced the Company to enter into.

155. To the extent Gatti was willful, purposeful, knowing, malicious, and without regard for the rights and interests of the Company, Gatti is also liable for punitive damages in an amount to be determined at trial.

FOURTH CAUSE OF ACTION

(Rescission and Restitution for Failure of Consideration, against Anna Gatti)

156. The Company repeats and realleges each and every allegation contained in the foregoing paragraphs and incorporates them herein by reference.

1 157. In reliance on Gatti's fraudulent representations described above, the Company
2 was induced into entering in the SPA with Gatti, and was induced to convey under the SPA a
3 large amount of stock in the Company, amounting to approximately 30% of the Company had the
4 stock fully vested.

5 158. As a result of Gatti's fraudulent inducement, the Company is entitled to rescind the
6 SPA and obtain a return of all the shares that Gatti has fraudulently vested.

7 159. In the alternative, the Company is entitled to a declaration that the shares under the
8 SPA stopped vesting at the time Gatti began breaching her employment agreement and, therefore,
9 would have no longer been in Continues Service Status under the SPA for vesting purposes,
10 because, had the Company known the true facts it would have immediately terminated Gatti, and
11 Gatti could not have lawfully vested a single share in the Company.

12 160. The Company is further entitled to rescission of the SPA with Gatti as a result of a
13 complete failure of consideration resulting from Gatti's failure to deliver actual valuable
14 technology or business assets as the SPA required her to convey.

15 161. The promised consideration for the stock Gatti received under the SPA therefore
16 never materialized, because it never existed in the first place. Gatti had no intention to , and did
17 not cure this material defect in the SPA.

18 162. As a result of either or both of Gatti's fraudulent inducement and/or failure to
19 provide consideration for the SPA, the SPA between the Company and Gatti is null and void, of
20 no effect, and should be declared rescinded.

21 163. As a result of this conduct, the Company also suffered substantial damages and
22 prays for an offset of a token payment made by Gatti to the Company in the amount of \$293.33,
23 which payment should serve to offset the rescissionary damages caused by Gatti to the Company.

FIFTH CAUSE OF ACTION

(Fraud against all Defendants)

26 164. The Company repeats and realleges each and every allegation contained in the
27 foregoing paragraphs and incorporates them herein by reference.

1 165. The Defendants, through Gatti, made numerous fraudulent representations and
2 omissions to the Company, including, but not limited to the following:

- 3 • Gatti misstated key aspects of her qualifications, employment history, and salary
4 history, both in written and verbal communications to the Company, in order to
5 obtain employment from the company;
- 6 • Gatti fabricated positive employment references and documentation, which she
7 directed the Company to check, to reinforce her own fraudulent misstatements;
- 8 • Gatti, acting for her own benefit and as an agent of the other Defendants,
9 continuously misled the company through ongoing representations that she was
10 acting in the Company's best interests and on the Company's behalf, when she
11 knew this was not the case;
- 12 • Gatti, acting for her own benefit and as an agent of the other Defendants,
13 continuously misled the Company by concealing key information as to her
14 relationships with numerous other business, including, but not limited to, her
15 consultancy with The Needs Inc., her creation of the IQS Defendants, her role as
16 CEO of Almawave USA, and her ongoing relationship with the Almaviva
17 Defendants;
- 18 • Gatti opened numerous bank accounts in order to conceal the payments she
19 received from the Company's competitors in return for her misdeeds;
- 20 • Gatti, acting for her own benefit and as an agent of the Almaviva Defendants,
21 misrepresented her purpose in going to Italy to meet with Almaviva;
- 22 • Gatti, acting for her own benefit and as an agent of the other Defendants, misstated
23 the nature of work to be performed by DiNapoli and Micoli in order to place them
24 inside the Company's offices where they could obtain valuable information from
25 the Company while working for competitors;
- 26 • DiNapoli and Micoli acted as agents of the Defendants in furtherance of their fraud
27 by asserting that they were using the Company's office space for development of a
28 microchip business;

- Gatti, acting for her own benefit and as an agent of the other Defendants, misled the Company into allowing her to lead communications with Investment Fund 2 so that she could sabotage that relationship, as well as the developing relationship with Investment Fund 3;
 - Gatti, acting for her own benefit and as an agent of the other Defendants, made numerous misstatements of fact to the Company’s newly hired marketing director in an attempt to prevent her from being hired and, subsequently, from performing the job for which she was hired;
 - Gatti, acting for her own benefit and as an agent of the other Defendants, fraudulently claimed that if she were to be removed from her participation in the communications with Investment Fund 4, with whom the Company was negotiating, the Company was likely to lose the investment;
 - Gatti, acting for her own benefit and as an agent of the other Defendants, told the other founders of the Company that Investment Fund 4 required that they not bring any other investors to the company; and
 - When Investment Fund 4 pulled out, Gatti, acting for her own benefit and as an agent of the other Defendants, initially represented to the Company that she did not know why Investment Fund 4 pulled out, and subsequently represented that she had simply misunderstood their request.

166. In addition to these items, Defendants also committed fraud through the activities described in detail in ¶ 131, *see Supra*.

167. The Defendants knew these misrepresentations and omissions were false.

168. By making these misrepresentations and omissions, the Defendants intended to deceive the Company and induce reliance on their misstatements and omissions.

169. The Company justifiably relied on the Defendants' misrepresentations and omissions, including, but not limited to, by:

- Making an employment offer to Gatti, which included a cash and stock compensation package that Gatti could never have obtained but for her fraudulent

- 1 representations;
- 2 • Continuing to employ Gatti in various capacities;
- 3 • Paying a salary to Gatti;
- 4 • Conveying shares of stock in the Company to Gatti;
- 5 • Sharing confidential, proprietary, and trade secret information with Gatti;
- 6 • Funding Gatti's trip to Italy to meet with Almaviva purportedly on behalf of the
- 7 Company;
- 8 • Relying on Gatti as a primary point of contact for numerous investors;
- 9 • Following Gatti's instructions regarding investor requests, including, but not
- 10 limited to, not seeking, and actively turning down, further investors while courting
- 11 Investment Fund 4; and
- 12 • Allowing Gatti to place DiNapoli and Micoli in the Company's offices.

13 170. As a direct and proximate result of these fraudulent acts, the Company has
14 suffered and will continue to suffer further harm, including the loss of proprietary information
15 and competitive position, investor goodwill, past and future existing and prospective business
16 relations, and reduced profitability. The Company is therefore entitled to compensatory damages
17 in an amount to be determined at trial.

18 171. The other Defendants acted jointly and in conspiracy with Gatti, and repeatedly
19 undertook steps in furtherance of the conspiracy and intended to deceive the Company for as long
20 as possible.

21 172. To the extent Defendants were willful, purposeful, knowing, malicious, and
22 without regard for the rights and interests of the Company, they are also liable for punitive
23 damages in an amount to be determined at trial.

24 173. To the extent that a remedy at law will be insufficient to fully compensate the
25 Company for the harms caused by the Defendants, the Company is further entitled to preliminary
26 and permanent injunctive relief enjoining the Defendants from using any information improperly
27 obtained from the Company through their fraudulent acts.

28

SIXTH CAUSE OF ACTION

(Breach of Contract against Anna Gatti)

174. The Company repeats and realleges each and every allegation contained in the foregoing paragraphs and incorporates them herein by reference.

175. Gatti's employment by the Company was contingent upon her execution of the Executed OL and the CIIAA, in which Gatti agreed to keep confidential, hold in trust, not duplicate, and not disclose to any third parties all of the Company's confidential and trade secret information without the Company's consent. Through the CIIAA, Gatti also agreed to devote her full-time and best efforts to the Company's interests, to not accept concurrent employment from anyone else, let alone actual or potential competitors, without the Company's prior written consent, and to not solicit any employees, advisors, consultants, investors or other service providers of the Company.

176. Gatti also executed several other contracts with the Company, including the SPA, the Executed OL, and an Application for Employment.

177. Gatti breached the SPA by fraudulently maintaining an appearance that she remained in Continuous Services Status, when in fact she was not, and concealed her breaches of the Employment Agreements that would have caused her immediate termination and would have precluded her from vesting shares in the Company.

178. Gatti breached the Application for Employment by falsely executing a certification that the information Gatti provided was true, correct, and complete. The information presented by Gatti in the Application for Employment contained numerous material misstatements and misrepresentations that were subsequently relied on by the Company to its detriment.

179. Gatti breached Section 7 of the Executed OL through the numerous acts described herein, including but not limited to, acceptance of employment as CEO of Co-Defendant Almawave USA while still employed by the Company, her founding of the IQS Defendants while still employed by the Company, her consulting work with The Needs Inc., her diversion of opportunities, investors, engineers, advisors, and confidential information to other businesses, including actual or potential competitors, and her solicitation of the Company's employees and

1 consultants, including but not limited to, DV, on behalf of and for the benefit of the other
2 Defendants.

3 180. Gatti breached Section 2 of the CIIA through her business relationship and
4 acceptance of employment from the Almaviva Defendants, including her acceptance of a position
5 as CEO of Almawave USA while still employed by the Company, her founding of the IQS
6 Defendants while still employed by the Company, her consulting work with The Needs Inc., her
7 other business undertakings for other companies in violation of the contractual obligations to the
8 Company, her diversion of opportunities, investors, engineers, advisors, and confidential
9 information to competitors, her regular and extended absences from work, her regular failure to
10 complete her work for the Company, which includes her intentional failure to procure, and her
11 subsequent sabotage of funding opportunities for the Company, her solicitation of the Company's
12 employees, advisors, and consultants, including but not limited to, DV on behalf of the
13 Company's competitors, and by diverting her time and energy away from the best interests of the
14 Company and toward competitors' interests.

15 181. Gatti breached Section 3(a) of the CIIA by forwarding all emails received at her
16 work email address to her personal email address, and by sharing confidential information
17 contained in those emails and elsewhere with the Company's competitors, including several Co-
18 Defendants.

19 182. Gatti breached Section 5 of the CIIA by failing to return company property in
20 her possession, including the laptop computer provided to her, to the Company within a
21 reasonable time after her employment with the Company was terminated.

22 183. Gatti breached Section 6 of the CIIA by failing to sign and deliver a termination
23 certification to the Company upon termination of her employment relationship with the Company.

24 184. Gatti breached Section 8(a) of the CIIA by soliciting numerous individuals,
25 including but not limited to, advisors to the Company, employees of Company, consultants
26 engaged by the Company, and others to perform work for one or more of the competitor
27 companies with which Gatti became affiliated during her employment with the Company.
28

1 185. Gatti breached Section 8(b) of the CIIAA by working for and soliciting investors,
2 customers, and employment prospects on behalf of numerous competitors, including but not
3 limited to the Almaviva Defendants and The Needs Inc., while still employed by the Company.

4 186. Gatti breached Section 10(b) of the CIIAA by failing to list all activities engaged
5 in by her, and by entering into further agreements, which may be in conflict with the CIIAA,
6 including those enumerated above.

7 187. Gatti breached Section 10(c) of the CIIAA by failing to comply with all provisions
8 in the CIIAA, as enumerated herein.

9 188. As a direct and proximate result of Gatti's breach of these contracts, the Company
10 has suffered and will continue to suffer further harm, including the loss of proprietary information
11 and competitive position, investor goodwill, past and future existing and prospective business
12 relations, and reduced profitability. The Company is therefore entitled to compensatory damages
13 in an amount to be determined at trial.

SEVENTH CAUSE OF ACTION

(Breach of Duty of Good Faith and Fair Dealing against Anna Gatti)

16 189. The Company repeats and realleges each and every allegation contained in the
17 foregoing paragraphs and incorporates them herein by reference.

18 190. California law implies a covenant of good faith and fair dealing in all contracts
19 between parties entered into in the State of California.

20 191. By executing the SPA, ATA, Executed OL, CIIAA, and Application for
21 Employment, Gatti entered into several California contracts with the Company.

22 192. By virtue of her wrongdoing described above, including, but not limited to,
23 improperly copying the Company's confidential information and trade secrets, improperly
24 disclosing the Company's confidential information and trade secrets to competitors and other
25 third parties, improperly sabotaging the Company's attempts to raise funds from actual and
26 potential investors, improperly obtaining and continuing employment with other business while
27 still employed by the Company, improper appropriation of Almaviva's interest to invest in the
28 Company by preventing that investment and instead procuring for herself generous compensation

1 and an executive position at Defendant Almawave USA in exchange for the Company's
 2 confidential and trade secret information, improperly diverting numerous investors, opportunities,
 3 engineers, employees and advisors to competitors of the Company, improperly founding the IQS
 4 Defendants without disclosing them to the Company, improperly accepting varied positions with
 5 numerous businesses including, but not limited to, a consultant position with The Needs Inc.,
 6 improperly conveying false information to shareholders of the Company following her
 7 termination, and all other wrongdoing alleged above, Gatti improperly interfered with the
 8 Company's right to receive the benefits it is due under its various contracts with Gatti, thereby
 9 breaching the covenant of good faith and fair dealing implied in these contracts.

10 193. As a result of these breaches, the Company is entitled to damages in an amount to
 11 be determined at trial.

12 194. To the extent Gatti's conduct was willful, purposeful, knowing, malicious, and
 13 without regard for the rights and interests of the Company, Gatti is also liable for punitive
 14 damages in an amount to be determined at trial.

15 195. To the extent that a remedy at law will be insufficient to fully compensate the
 16 Company for the harms caused by Gatti, the Company is further entitled to preliminary and
 17 permanent injunctive relief enjoining Gatti from competing with the Company, from using the
 18 Company's confidential and trade secret information, and from soliciting the Company's present
 19 and future employees, investors, and customers.

20 EIGHTH CAUSE OF ACTION

21 **(Theft of Corporate Opportunity, against Anna Gatti)**

22 196. The Company repeats and realleges each and every allegation contained in the
 23 foregoing paragraphs and incorporates them herein by reference.

24 197. Gatti misappropriated the Company's corporate opportunities through her acts
 25 described above. This misappropriation includes, but is not limited to,

- 26 • Gatti's use of the Company's connection to Investment Fund 1 to gain an
 27 introduction to Pansa to discuss becoming involved with TheNeeds Inc.;
- 28 • Gatti's scuttling of the Company's investment opportunity with Investment Fund

1 2, after which Gatti proceeded to invite Investment Fund 2 to an event with the Almaviva
2 Defendants;

3 • Gatti's scuttling of Almaviva IT's attempt to invest in the Company by preventing
4 that investment and converting it to a highly paid position for herself at Almawave USA in
5 exchange for the Company's confidential and trade secret information;

6 • Gatti's misappropriation of the Company's confidential or trade secret information
7 on behalf of the Company's competitors in exchange for direct payment, board membership, or
8 employment with other competitors of the Company.

9 198. Gatti knew that the opportunities she continuously misappropriated were
10 reasonably incident to the Company's present and future business and were opportunities that the
11 Company was pursuing or could have pursued, itself.

12 199. Through Gatti's acts, the Company has suffered and will continue to suffer
13 significant harm, including but not limited to the loss of past and future existing and prospective
14 business relations, and lost profitability. The Company is therefore entitled to compensatory
15 damages in an amount to be determined at trial.

16 200. To the extent Gatti was willful, purposeful, knowing, malicious, and without
17 regard for the rights and interests of the Company, Gatti is also liable for punitive damages in an
18 amount to be determined at trial.

19 201. To the extent that a remedy at law will be insufficient to fully compensate the
20 Company for the harms caused by Gatti, the Company is further entitled to preliminary and
21 permanent injunctive relief enjoining Gatti from competing with the Company, from using the
22 Company's confidential and trade secret information, and from soliciting the Company's present
23 and future employees, investors, and customers.

NINTH CAUSE OF ACTION

(Intentional Interference with Prospective Economic Advantage against All Defendants)

26 202. The Company repeats and realleges each and every allegation contained in the
27 foregoing paragraphs and incorporates them herein by reference.

1 203. Prior to and during the events recounted above, the Company maintained
2 economic relationships with numerous current and prospective investors, which had the
3 probability of future economic benefit to the Company based upon the likelihood of those parties'
4 investment in the Company.

5 204. Prior to and during the events recounted above, the Company also maintained
6 economic relationships with its employees and contractors, which had the probability of future
7 economic benefit to the Company based upon those individuals' future work for the Company.

8 205. Gatti was fully aware of these relationships, and was in fact primarily responsible
9 for cultivating certain of them.

10 206. The other Defendants were likewise fully aware of these relationships.

11 207. Gatti and the other Defendants intentionally acted to disrupt and harm
12 relationships between the Company and numerous potential and actual investors through a variety
13 of acts, including but not limited to:

- 14 • Gatti's use of the Company's investment opportunity with Investment Fund 1 to
15 gain an introduction to Pansa to discuss becoming involved with TheNeeds Inc.;
- 16 • Gatti's scuttling of the Company's investment opportunities with Investment Fund
17 2 and Investment Fund 3 through unwarranted and improper disclosure of
18 information to the potential investors;
- 19 • Gatti's scuttling of the Company's investment opportunities with Investment Fund
20 4 by telling the Company that Fund 4 demanded that the Company not procure any
21 other funding if it wanted funding from Fund 4, when Fund 4 actually requested
22 precisely the opposite;
- 23 • Following destruction of the Company's relationship with Investment Fund 2,
24 Gatti and the Almaviva Defendants met with Investment Fund 2 in order to
25 procure their investment;
- 26 • Gatti's scuttling of Almaviva IT's attempt to invest in the Company by preventing
27 that investment and converting it to a highly paid position for herself at Almawave
28 USA in exchange for the Company's confidential and trade secret information;

1 208. Gatti and the other Defendants intentionally acted to disrupt and harm the
 2 relationships between the Company and the Company's employees, consultants and advisors, by
 3 soliciting them to work for competitors of the Company.

4 209. These acts were independently violative of numerous state and federal laws, as
 5 well as contractual and common-law obligations owed by Gatti to the Company. The Defendants
 6 acted in concert with Gatti, and provided her substantial assistance in committing these violations.

7 210. This behavior by Gatti caused numerous potential and actual investors to not
 8 invest in the Company, or to invest lesser amounts than they otherwise would have.

9 211. This behavior further caused the Company's employees and contractors, including,
 10 but not limited to, DV, to fail to perform work for the Company, and to instead perform work for
 11 the Company's competitors.

12 212. As a result of Gatti and the Almaviva Defendants' disruption of the Company's
 13 relationship with potential and actual investors and with employees and contractors, the Company
 14 has suffered and will continue to suffer great harm. The Company is therefore entitled to
 15 compensatory damages in an amount to be determined at trial.

16 213. The Company is entitled to permanent and preliminary injunctive relief prohibiting
 17 Gatti and the Almaviva Defendants from interfering with the Company's current and prospective
 18 business relationships, from competing with the Company based upon any prior interference, and
 19 from soliciting the Company's present and future employees, investors, and customers.

20 **TENTH CAUSE OF ACTION**

21 **(Tortious Interference with Contract, against Anna Gatti and the Almaviva Defendants)**

22 214. The Company repeats and realleges each and every allegation contained in the
 23 foregoing paragraphs and incorporates them herein by reference.

24 215. At all times relevant to this dispute, a contractual relationship existed between the
 25 Company and Anna Gatti, and between the Company and DV.

26 216. At all times relevant to this dispute, Gatti and the Almaviva Defendants had actual
 27 knowledge of these contractual relationships.

1 217. The Almaviva Defendants intentionally or recklessly interfered with the
2 contractual relationship between the Company and Anna Gatti, including but not limited to, by
3 inducing her to breach numerous restrictive covenants and obligations set forth in the CIIAA,
4 including §§2, §(a), 5, 6, 8(a), 8(b), 10(b), and 10(c) and the Executed OL, including §7.

5 218. Gatti and the Almaviva Defendants intentionally or recklessly interfered with the
6 contractual relationship between the Company and DV, including but not limited to, by inducing
7 him to breach numerous restrictive covenants and obligations set forth in his various contracts
8 with the Company, including §§2, 8, and 10(c) of his Consulting Agreement, and §3(a) of his
9 CIIAA.

10 219. As a direct and proximate result of the Defendants' actions, the Company has and
11 will continue to be irreparably harmed, including but not limited to, by the loss of confidential
12 information, investor goodwill, past and future existing and prospective business relations, lost
13 profitability, and damage to its ability to procure further business. The Company has no adequate
14 remedy at law.

15 220. The Company is entitled to permanent and preliminary injunctive relief prohibiting
16 Gatti and the Almaviva Defendants from interfering with the Company's contracts, from
17 competing with the Company based upon any prior interference, from using the Company's
18 confidential and trade secret information obtained through their interference, and from soliciting
19 the Company's present and future employees, investors, and customers.

20 221. As a direct and proximate result of Gatti and the Almaviva Defendants'
21 misconduct, the Company has further suffered damages, including but not limited to, the loss of
22 confidential and trade secret information, past and future existing and prospective business
23 relations, and a loss of profitability. The Company is therefore entitled to compensatory damages
24 in an amount to be determined at trial.

25 222. To the extent that the conduct of Gatti and the Almaviva Defendants was willful,
26 purposeful, knowing, malicious, and without regard for the rights and interests of the Company,
27 Defendants are also liable for punitive damages in an amount to be determined at trial.
28

ELEVENTH CAUSE OF ACTION

(Misappropriation of Trade Secrets, Cal. Civil Code §§ 3426 et seq., against All Defendants)

223. The Company repeats and realleges each and every allegation contained in the foregoing paragraphs and incorporates them herein by reference.

224. The Company's trade secret materials comprise documents and information that are not generally known to the public or to other persons who can obtain economic value from their disclosure or use. These documents and information are the subject of reasonable efforts by the Company to maintain their secrecy, and they derive independent economic value from not being generally known. Some or all of the documents and information comprising the Company's trade secrets constitute "trade secrets" under California Civil Code Section 3426.1.

225. Defendants willfully and maliciously misappropriated the Company's trade secrets, which include but are not limited to, proprietary computer programs, business plans, and investor lists and contact information.

226. By reason of the above-alleged acts and conduct of Defendants, the Company has been damaged, and it will continue to suffer great and irreparable harm and damage. The amount of this irreparable harm will be difficult if not impossible to ascertain, and the Company will be without an adequate remedy at law.

227. The Company is entitled to recovery of statutory monetary damages from Defendants for the losses resulting from their wrongful conduct and any unjust enrichment caused by their misappropriation that is not taken into account in computing damages for actual loss. The amount of such relief will be determined at trial.

228. If damages or unjust enrichment are not provable, the Company is entitled to an order for payment of a reasonable royalty from Defendants for the period of time the use of the Company's trade secrets could have been prohibited.

229. Because Defendants' acts of misappropriation were both willful and malicious, the Company is also entitled to an award of statutory exemplary damages and attorneys' fees against Defendants.

1 230. The Company is entitled to a permanent and preliminary injunction restraining
2 Defendants, as well as their employers, agents, employees, and all persons acting in concert with
3 them, from using, copying, publishing, disclosing, transferring, or selling the Company's trade
4 secrets, or any product or services based on or incorporating all or part of the Company's trade
5 secrets, and restraining them from obtaining any commercial advantage or unjust enrichment
6 from the misappropriation of the Company's trade secrets.

7 231. The Company is further entitled to an order requiring Defendants, their employers,
8 agents, employees, and all persons acting in concert with them, to return to the Company any and
9 all of its trade secrets and confidential, proprietary materials, including but not limited to any and
10 all materials created incorporating or referencing the Company's trade secrets and confidential,
11 proprietary information, and a preliminary injunction requiring that Defendants preserve any and
12 all such information, as well as the computers, networks, data storage devices, and/or other means
13 by which such information has been obtained, received, collected, or stored by Defendants, or
14 which could contain or embody any evidence relating to the Company's allegations as set forth
15 herein.

TWELFTH CAUSE OF ACTION

(Conversion, against All Defendants)

18 232. The Company repeats and realleges each and every allegation contained in the
19 foregoing paragraphs and incorporates them herein by reference.

20 233. The Company is the sole owner of all confidential, proprietary information at issue
21 in this Complaint. Defendants wrongfully acquired the Company's confidential and proprietary
22 business information.

23 234. Through the above-alleged acts and conduct of Defendants, the Company has been
24 damaged, and will continue to suffer great and irreparable harm and damage. Defendants'
25 conversion includes, but is not limited to, numerous items of confidential and proprietary
26 information, as well as the Company's physical property. The full amount of this irreparable
27 harm will be difficult or impossible to ascertain, and the Company will be without an adequate
28 remedy at law.

1 235. The Company is therefore entitled to a preliminary and permanent injunction
 2 restraining Defendants, their employers, agents, employees, and all persons acting in concert with
 3 them, from using, copying, publishing, disclosing, transferring, or selling the Company's
 4 confidential, proprietary information, or any product that is based on or incorporates part or all of
 5 such material, and from obtaining any commercial advantage or unjust enrichment from their
 6 misappropriation of the Company's confidential and proprietary information.

7 236. The Company is entitled to an order requiring Defendants, their employers, agents,
 8 employees, and all persons acting in concert with them, to return to the Company any and all of
 9 its confidential, proprietary materials, including but not limited to any and all materials created
 10 incorporating or referencing the Company's confidential proprietary information, and to preserve
 11 any and all such information, as well as the computers, networks, data storage devices, and/or
 12 other means by which such information has been obtained, received, collected, or stored by
 13 Defendants or which could contain or embody any evidence relating to the Company's allegations
 14 as set forth herein.

15 237. The Company is further entitled to recover damages from Defendants suffered by
 16 reason of the aforesaid acts in an amount to be determined at trial.

17 238. To the extent Defendants were willful, purposeful, knowing, malicious, and
 18 without regard for the rights and interests of the Company, Defendants are also liable for punitive
 19 damages in an amount to be determined at trial.

20 THIRTEENTH CAUSE OF ACTION

21 (Unfair Competition, Cal. Bus. & Prof. Code §§ 17200 et seq., against All Defendants)

22 239. The Company repeats and realleges each and every allegation contained in the
 23 foregoing paragraphs and incorporates them herein by reference.

24 240. The acts of Defendants, as herein alleged, constitute unlawful, unfair and
 25 deceptive business practices in violation of California Business & Professional Code § 17200 *et
 26 seq.*

27 241. The acts of Defendants, as herein alleged, are unlawful because they violate
 28 federal and state statutes, including but not limited to California Penal Code §§ 502 *et seq.*

1 (California Comprehensive Computer Data Access and Fraud Act), 18 U.S.C. §§ 1030 *et seq.*
2 (Computer Fraud and Abuse Act), 18 U.S.C. 1962 *et seq.* (Racketeer Influenced and Corrupt
3 Organizations), and California Civil Code §§ 3426 *et seq.* (Misappropriation of Trade Secrets).

4 242. The unlawful, unfair and deceptive business practices of Defendants described
5 above present a continuing threat to the Company's business and intellectual property portfolio.

6 243. As a direct and proximate result of these acts, Defendants have been unjustly
7 enriched, and in the future will continue to be unjustly enriched by, among other things, their use
8 of the Company's confidential and proprietary information and business processes and methods.

9 244. The unlawful, unfair and deceptive business practices that Defendants have
10 engaged in to date have given them an enormous "head start" that a new entrant company
11 competing by legitimate means would not have. This head start will allow each of the Defendants
12 to compete with the Company for funding and customers, whereas if they had conducted
13 themselves lawfully they would not be in a position to compete for many months, if not years.

14 245. The Company has suffered damage by Defendants' unlawful, unfair and deceptive
15 conduct as alleged herein, and will continue to be damaged by Defendants' conduct until it is
16 enjoined. Defendants have misappropriated the Company's valuable confidential and proprietary
17 information, including its trade secret information, and have used that information to gain an
18 undue advantage.

19 246. The Company has been irreparably injured by Defendants' unlawful, unfair and
20 deceptive conduct.

21 247. The Court should find that Defendants' actions violate California Business &
22 Professional Code § 17200 *et seq.*, and award Plaintiff such restitution, disgorgement and/or
23 damages as are permitted by statute as well as injunctive relief, including preliminary and
24 permanent injunctive relief restraining Defendants, as well as their employers, agents, employees,
25 and all persons acting in concert with them, from using, copying, publishing, disclosing,
26 transferring, or selling the Company's trade secrets, or any product or services based on or
27 incorporating all or part of the Company's trade secrets, and restraining them from obtaining any
28 commercial advantage or unjust enrichment from the misappropriation of the Company's trade

1 secrets.

2 **FOURTEENTH CAUSE OF ACTION**

3 **(Unjust Enrichment, against All Defendants)**

4 248. The Company repeats and realleges each and every allegation contained in the
5 foregoing paragraphs and incorporates them herein by reference.

6 249. As a result of Defendants' actions, alleged in detail above, including but not
7 limited to their misappropriation and use of confidential information, interference with
8 contractual and other relationships, and fraudulent misrepresentations to the Company,
9 Defendants have profited at the Company's expense.

10 250. Defendants' receipt of these benefits is at the direct expense of the Company,
11 which has invested years in the development of proprietary, confidential, and trade secret
12 information that was misappropriated by Defendants for their own use.

13 251. It would be against equity and good conscience to allow Defendants to retain any
14 of the profits, opportunities, or other benefits they have and will continue to realize – at the direct
15 expense of the Company – by means of their wrongdoing described herein.

16 252. Should the Company's claim for breach of contract against Gatti, set forth above,
17 not be awarded for any reason, in the alternative, the Company is entitled to recover pursuant to
18 its claim for unjust enrichment set forth herein.

19 253. The Company is entitled to recovery of compensatory damages from Defendants
20 for the losses resulting from their wrongful conduct and any unjust enrichment they may have
21 obtained.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, the Company prays for judgment against Defendants, and each of them,
24 jointly and severally, as follows:

25 1. A permanent injunction, and during the pendency of this action, a preliminary
26 injunction, prohibiting Defendants, as well as their employers, agents, employees, and all persons
27 acting jointly, in concert or in participation with them, from:

28 a. interfering with the Company's current and prospective business

1 relationships, interfering with the Company's contracts, competing with the
2 Company through use of the misappropriated tangible and intangible assets
3 of the Company, including its confidential information and trade secrets,
4 from soliciting the Company's present and future employees, investors, and
5 customers, from any further use of the confidential information and trade
6 secrets information misappropriated from the Company to engage in any
7 such solicitations or for any other purpose, and from making false and
8 misleading statements to anyone regarding the Company;

- 9 b. restraining Gatti from any making any further statements, through social
10 media or otherwise, that she is or was associated with the Company;
11 c. from using, copying, publishing, disclosing, transferring, or selling any of
12 the Company's confidential information and trade secrets, or any product
13 or services based on or incorporating all or part of the Company's trade
14 secrets, and restraining them from obtaining any commercial advantage or
15 unjust enrichment from the misappropriated trade secrets and confidential
16 information of the Company
17 d. granting a preliminary injunction to preserve any and all trade secrets and
18 confidential, proprietary materials, including but not limited to any and all
19 materials created incorporating or referencing the Company's trade secrets
20 and confidential, proprietary information, as well as the computers,
21 networks, data storage devices, and/or other means by which such
22 information has been obtained, received, collected, or stored by
23 Defendants, as well as their employers, agents, employees, and all persons
24 acting in concert or in participation with them;

25 2. An order requiring Defendants, their employers, agents, employees, and all
26 persons acting in concert with them, to return to the Company any and all of its trade secrets and
27 confidential, proprietary materials, including but not limited to any and all materials created
28 incorporating or referencing the Company's trade secrets and confidential, proprietary

1 information;

2 3. An order requiring Gatti to return to the Company all property conveyed to her in
3 the SPA, and otherwise in connection with her work for the Company, including all stock in the
4 Company currently owned or possessed by Gatti, as well as the laptop conveyed to her by the
5 Company and that remains in her possession;

6 4. An award of nominal, compensatory, rescissionary and all other damages available
7 at law against each of the Defendants, jointly and severally;

8 5. An award of equitable relief, including, but not limited to, rescission of the SPA,
9 or in the alternative a declaration that the shares awarded Gatti under the SPA never vested as a
10 result of her breaches and wrongdoing, or in the alternative a transfer to the Company as
11 restitution of all of the vested shares awarded to Gatti under the SPA; disgorgement, and
12 restitution;

13 6. An award of aggravated, treble and punitive damages against each of the
14 Defendants, jointly and severally;

15 7. Statutory damages;

16 8. An award of interest as allowed by law;

17 9. Attorneys' fees, costs and expenses;

18 10. All costs of the Company's investigation and of the suit herein; and

19 11. Such other and further relief as the court may deem just and proper.

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JURY DEMAND

Loop AI Labs, Inc. requests a trial by jury for all issues so triable.

Respectfully submitted,

Dated: February 20, 2015

FREITAS ANGELL & WEINBERG LLP

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